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# ***Daily Report***

## **China**

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# Daily Report China

FBIS-CHI-95-039

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An \* indicates material not disseminated in electronic form.

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## General

### Syria Pins Hopes on U.S. Secretary's Mideast Visit

OW2802003695 Beijing XINHUA in English  
2031 GMT 27 Feb 95

["News Analysis" by Wang Genbao]

[FBIS Transcribed Text] Damascus, February 27 (XINHUA)—The outcome of U.S. Secretary of State Warren Christopher's upcoming tour to the Middle East will decide, to a large extent, whether the Syrian-Israeli peace negotiations will resume or not.

According to top-level diplomatic sources in Damascus, Christopher will be seeking to narrow the differences between Israel and Syria for resuming their bilateral talks at the ambassadorial level in Washington.

Christopher is scheduled to embark on another tour of the region on March 7, his seventh since last April. The trip, again aimed at pushing forward the regional peace process, will take him to Egypt, Israel, Syria and Jordan.

In his new mission, Christopher will be mainly trying to remove obstacles and difficulties obstructing the Syrian-Israeli track of peace negotiations.

Political observers in the Syrian capital believe that a cautious atmosphere is prevailing in the region as to the prospects of Christopher's Middle East mediation efforts, particularly on the Syrian and Lebanese tracks.

Damascus newspapers say that "Christopher may have certain grounds to justify his tour which, in fact, may be the most significant," expressing hope that "Christopher will be carrying something new" and will establish the credibility of the U.S. as an honest and effective partner in the peace process.

But the newspapers said that Christopher will hit snags in his peace efforts due to Israel's intransigence.

Syria and Israel are still quite apart in the peace process, particularly over the issue of the strategic Golan Heights, captured by Israel in 1967, and security arrangements.

Syria demands Israel's commitment to a complete withdrawal from the Golan, while Israel has offered only a partial withdrawal phased over several years and insisted that Syria first define the nature of peace it is offering.

Syria is also demanding balanced security arrangements that cover both sides of the borders, whereas Israel maintains its demand to carve out a part of the Golan and station its troops there allegedly to ensure Israel's security.

Syria categorically rejected the demand, insisting that a just peace must be established on the land-for-peace basis.

Israel's peace negotiations with Syria, which began in 1991, have been deadlocked since February 1994.

Observers further indicate that the principal task of the U.S. Secretary of State in the region will be basically to urge both Syria and Israel to resume bilateral negotiations as soon as possible at the ambassadorial level in Washington.

They hold that the resumption of dialogue is of great importance as it will demonstrate the true intentions of the two parties to reach a peaceful settlement and no much time is left for their bargaining.

The U.S. Administration and the Israeli government are on the threshold of the 1996 general elections and that the later part of this year will be largely devoted to the election campaigns.

Syria anticipates that Christopher will face a tough mission in Israel, rather than outside it.

As a matter of fact, the Syrian media has said, the success of the U.S. efforts in activating the peace process hinges on its ability to push Israel to make concessions by abiding by the principles of peace and responding to international legitimacy.

On its part, Syria adheres to its basic and firm position that there shall be no peace without a full Israeli withdrawal and compliance with the UN resolutions.

Once again, Syria has made it clear that it will not relinquish one inch of its territory.

### 'Roundup' Views World Unemployment Problem

OW2702170695 Beijing XINHUA in English  
1651 GMT 27 Feb 95

["Roundup" by Wang Pingxing: "Unemployment—A Global Challenge"]

[FBIS Transcribed Text] United Nations, February 27 (XINHUA)—The world of today is facing the most serious unemployment since the 1930s.

Before this challenge, world leaders will discuss how to create jobs at the World Summit for Social Development to be held on March 6-12 in Copenhagen, capital of Denmark.

Estimates by UN Departments show a shocking picture of the global employment situation. Of the world labor force of 2.8 billion people, about 30 percent—most of them in developing countries—are not productively employed. Around the world, more than 120 million people want to work but cannot find jobs, and about 700 million are underemployed—they work long hours but not earn enough to ensure a decent living for themselves and their families.

Unemployment goes hand in hand with poverty: of the estimated 1.1 billion absolute poor people in the world, the majority are jobless or underemployed. Joblessness also contributes to social disintegration, conflict, migration, and other social illness.



Unemployment is now affecting nearly all countries in the world. Among industrialized countries, jobless rates in Western Europe are about 10 percent, with that of Spain over 20 percent. The most seriously hit sectors of population are youth, women and ethnic groups. It should also be noted that the official unemployment rate does not cover all people who are out of work.

The situation is as serious or even worse in other parts of the world.

In Eastern Europe and countries of the former Soviet Union, a serious slow-down in production came with the abrupt political changes in early 1990s, and consequently a large number of people were thrown out of work.

In the developing world, remarkably high economic growth is creating more jobs in some parts of Southeast Asia, but other areas that miss an economic boom are failing to create enough jobs to meet the ever growing demand. Analysts estimate that in many developing countries joblessness is even worse than in developed countries, though accurate employment figures are not available.

The UN Development Program estimates that to meet the demand of growing labor force and accommodate those already unemployed or underemployed, around one billion new jobs have to be created in the next decade.

The global job crisis has its roots in many factors. Ever-expanding labor force from the unchecked population growth, shrinking demand for labor due to technological advances in the past several decades, and the downsizing of the defense sector after the end of the Cold War—all these factors lead to worsening global unemployment. Apart from all this, peculiar conditions in various countries also affect their own labor markets.

In industrialized countries, since the 1980s, economic restructuring has led to the expansion of the technology and financial services sectors and the shrinkage of the manufacturing sector, and re-engineering of enterprises has greatly reduced the size of their staffs. National fiscal and monetary policies aiming at inflation control rather than full employment have also adversely affected the labor market in the developed world.

In developing countries, chronic unemployment is attributed to economic backwardness, with the size of economy failing to provide enough productive jobs for the labor force. In countries undergoing the process of industrialization, the influx of displaced rural laborers into cities poses serious pressure on urban employment. Externally, global recession in recent years also hit developing countries harder as far as jobs are concerned, especially in export-oriented sectors.

To meet the challenge of job crisis, various countries should adopt tactics that suit their own national conditions, however, concerted global efforts should also be made.

UN Experts believe the following measures are required to fight unemployment: countries should implement

macro-economic policies that help to create jobs, including encouraging private investment and appropriate expansion of public investment when necessary; governments should heavily invest in education to provide training and skills for their labor force, which are extremely needed in the fast-moving competitive world; developing countries should adopt labor-intensive technologies to exploit their comparative advantage of abundant labor; in developed countries policies concerning the labor market need to be adjusted and the concept of "job-sharing" should be considered.

Experts also hold that a favorable world economic environment is necessary for overcoming the global job crisis. Expanding world trade will help to promote economic growth around the globe to create more jobs; stability of exchange rates and interest rates will ensure smooth flow of capital and prevent financial shocks to the economy; and expansion of the transfer of international financial resources and technology, especially to developing countries, will benefit all countries of the world—but all this can only be realized when concerted efforts are made, based on political consensus.

Fifty years ago, the United Nations declared in its Charter that it shall promote "full employment" in the field of international economic and social cooperation. The world community is waiting to see how leaders of member states will act to fulfil this commitment at the World Summit for Social Development to be held early next month.

### United States & Canada

#### Jiang Zemin Welcomes Sino-U.S. IPR Agreement

OW2802084195 Beijing XINHUA in English  
0818 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Chinese President Jiang Zemin today expressed his welcome to the Sino-U.S. Agreement on Intellectual Property Rights (IPR), saying that the agreement would benefit bilateral economic, trade and technological cooperation.

Jiang made the remark during a meeting with visiting Chief Executive Officer of the Motorola Company of the U.S. Gary L. Tooker here today.

China attaches great importance to protecting intellectual property rights and, in order to promote the development of its science, technology and economy, the country has made and will continue to make efforts in this regard on the basis of the great achievements already made, Jiang said.

He noted that the signing of the agreement on IPR demonstrated that the differences between China and the U.S. can be reasonably resolved through consultations on an equal footing.

China and the U.S. have broad common interests. So long as the two countries uphold the principles of mutual respect, non-interference in each other's internal affairs, and equality and mutual benefit, Sino-U.S. relations can be improved and developed on a healthy track, Jiang added.

He praised Motorola's co-operation with China over the past few years as "effective" and the corporation's policy of expanding its business in China as "far-sighted".

Confident about China's economic development, Tooker said his corporation has had successful co-operation with China and will continue to increase its investment in and cooperation with the country through setting up joint ventures, conducting technical training and other measures.

Tooker expressed his belief that the reaching of the Sino-U.S. Agreement on IPR would have great significance for long-term co-operation between the two countries.

#### More on Jiang's Comments

OW2802100495 Beijing XINHUA Domestic Service  
in Chinese 0842 GMT 28 Feb 95

[By reporter Zhang Rongdian (1728 2837 0368)]

[FBIS Translated Text] Beijing, 28 Feb (XINHUA)—President Jiang Zemin today expressed here his welcome over the conclusion of an agreement between China and the United States on the issue of intellectual property rights protection.

Jiang made the remark during a meeting with Gary Tooker, chief executive officer of the Motorola Company of the United States, and his party at Zhongnanhai this morning.

Jiang Zemin said: The conclusion of an agreement between China and the United States on 26 February over the issue of intellectual property rights protection will benefit further bilateral economic, trade, and technological cooperation. We welcome the agreement. He said: China attaches importance to protecting intellectual property rights. To promote the development of science, technology, and the economy, we have made tremendous efforts in this regard, and we will continue to make efforts in the days to come. The signing of the agreement demonstrated that all differences between China and the United States can be properly resolved through consultations on an equal footing.

Jiang Zemin said: China and the United States share broad common interests. So long as the two countries uphold the principles of mutual respect, noninterference in each other's internal affairs, and equality and mutual benefit, Sino-U.S. relations can improve and develop constantly on a healthy track.

Gary Tooker and his party arrived in Beijing on 25 February on a visit to China at the invitation of the

Ministry of Electronics Industry. Motorola Company is a well-known electronics company in the world.

Jiang Zemin told Gary Tooker during the meeting: Motorola's cooperation with China over the past years has been effective and the corporation's policy of expanding its business in China is far-sighted.

Gary Tooker said: We are confident about the prospects for China's economic development. Motorola's cooperation with China has been very successful, and it will continue to increase its investment in China and will further promote cooperation with China by setting up joint ventures, conducting technical training, and other measures. Gary Tooker expressed his belief that the initialing of the Sino-U.S. agreement on intellectual property rights will have great significance for long-term cooperation between the two countries henceforth.

Present at the meeting were Hu Qili, minister of electronics industry; Zeng Peiyan, vice minister of the State Planning Commission; and Liu Huaqiu, director of the Foreign Affairs Office of the State Council.

#### IPR Accord 'Does Not Guarantee Smooth Trade Ties'

HK2802065095 Hong Kong HONGKONG STANDARD  
in English 28 Feb 95 p 6

[By Sherman Chen]

[FBIS Transcribed Excerpt] The agreement between China and the United States on copyright protection which was signed on Sunday is crucial in strengthening not only their trade ties but also their overall relations, according to China's top trade official in Beijing. [passage omitted]

Despite Ms Wu's upbeat mood, Chinese state-run newspapers were largely silent on the new agreement on copyright that averted a multi-billion trade war between the two countries.

The People's Daily, the Communist Party's mouthpiece, and other official newspapers simply reported the signing of the agreement on protection of intellectual property rights (IPR), saying that it had prevented a "bruising" trade war. [passage omitted]

However, the deal does not guarantee smooth trade ties between the two countries, according to Zhou Shijian, deputy director of Moftec's [Ministry of Foreign Trade and Economic Cooperation] International Trade Research Institute based in Beijing.

"The Sino-U.S. trade relations have been never plain sailing," he told The Hongkong Standard after the agreement was signed.

Wider trade between the two countries would somehow lead to more disputes, he said.

"Both sides should stand on a high plane and take the basic interests into consideration."

Mr Zhou said that, contrary to the views of some analysts, the IPR agreement did not indicate any change in U.S. President Bill Clinton's China policy. "To pry open China's market continues to be the major target of Clinton's policy on China," he said.

### Chinese Negotiator Discusses IPR Talks

HK2802105695 Hong Kong WEN WEI PO in Chinese  
28 Feb 95 p A5

[Dispatch from Beijing by staff reporter Yang Fan (2799 1581): "Zhang Yuejiao, Chinese Principal Representative to Sino-U.S. Talks, Revealed China's Stand on Talks"]

[FBIS Translated Text] Beijing, 27 Feb (WEN WEI PO)—Zhang Yuejiao, China's principal representative to the Sino-U.S. talks on the intellectual property rights (IPR) issue and deputy director of the Department of Treaty and Law of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC], disclosed here today that, according to the Chinese laws concerned, the content of the Sino-U.S. IPR agreement will be published after the official signing of the agreement next month between Chinese Minister of Foreign Trade and Economic Cooperation, Wu Yi, and U.S. trade representative, Ambassador Kantor.

Zhang Yuejiao said the main aim of the talks was for the Chinese and U.S. sides to seek mutual, full, and effective protection of IPR, and to reach a consensus on IPR protection now and in the future. The talks mainly touched on the protective measures that China has already adopted and will further adopt, such as operations to crack down on infringements upon IPR, the further protection of IPR and the copyrights of audio-visual products, the protection of the copyrights of computer software, the introduction of a stock ownership verification system, and aid offered by the United States to China in the field of IPR, such as personnel training and supply of information and facilities. With regard to state-to-state relations, based on the principle of consultations on an equal footing and that of mutual respect, China has rebutted the U.S. side's excessive demands, such as asking the Chinese side to amend Article 250 of the PRC Civil Procedural Law, to adjust the rate of expenses on legal proceedings in China, to allow foreign companies to establish wholly owned news services, publishing houses, and audio-visual production companies, and to submit IPR protection reports to the U.S. side, twice a week, on a city-by-city basis. Whatever demands involve legislation, judicial practice, and national sovereignty have been resolutely rejected.

Zhang Yuejiao noted that the perfect settlement of the IPR issue between China and the United States has laid down a foundation for China's early reentry to the GATT and joining the World Trade Organization.

She said: The final agreement turned in by the Uruguay round of talks on the World Trade Organization also includes an agreement on IPR which is related to trade.

Now that China has adopted the common practices of the world and fulfilled the international requirements in this regard ahead of schedule, this will certainly help China restore its GATT membership and join the World Trade Organization earlier. She hoped other countries will acknowledge this. If some individual countries still continue to unreasonably obstruct China in its way, then they will not be supported by the vast majority of countries in the world.

### Commentary Welcomes Sino-U.S. IPR Agreement

HK2802013795 Beijing CHINA DAILY in English  
28 Feb 95 p 4

[CHINA DAILY Commentary: "An Accord at Long Last"]

[FBIS Transcribed Text] China and the United States have reached agreement on intellectual property rights protection at last, after strenuous marathon talks with ups and downs.

The reaction from all quarters so far is that the deal is good news for all parties concerned. It cannot be otherwise, for the positive results that the agreement promises are so obvious and extraordinary.

The United States had threatened sanctions should talks fall through, and China had justifiably countered with retaliation.

With this accord, however, an imminent trade war that would prove grievously traumatic to both is averted, and trade between the two will proceed normally.

China's fast growing economy in recent years affords highly attractive trade and investment opportunities for foreign firms.

With an agreement and a trade war averted, many U.S. businesses will be able to enter China's vast market and engage in competition. Under fair and equitable conditions, American entrepreneurs can hope to do business most profitably in China. So it is only natural that the U.S. business community welcomes the agreement.

China will benefit from the accord as well.

China is glad to see its trade relations with the United States flourish. And the accord may expedite China's entry into the newborn World Trade Organization.

The accord will not only favourably impact trade relations between China and the United States, it may favourably influence the overall relations between the two. This deal exemplifies the most desirable way to resolve differences.

Co-operative trade and economic ties between China and the United States have been developing in recent years. This is encouraging as it benefits both.

However, there have been frictions and conflicts. There is no call to wonder at these negative things, if you take



into account the vast differences between these two giant nations in terms of historical background and present reality.

However, the lesson is that whenever differences arise in certain fields, parties should not throw a tantrum too soon and make threatening utterances in an imperious tone. That could in no way help to solve the issues, but will only exacerbate matters.

Instead, let us sit down to thrash the problems out patiently through respectful negotiations. Thus, solutions satisfactory to both sides certainly can be found sooner or later as this successful conclusion shows.

We think this approach holds good not only in the future trade relations between the two countries but also in overall ties.

China's economy is growing in a very healthy manner. China will take more effective and stronger measures to combat piracy and protect intellectual property rights. Under these circumstances, China will prove an increasingly desirable arena of investment and economic cooperation for foreigners, including Americans.

We hope they do make good use of their opportunities.

#### U.S.-China Business Council Hails IPR Accord

OW2802014095 Beijing XINHUA in English  
0121 GMT 28 Feb 95

[FBIS Transcribed Text] Washington, February 27 (XINHUA)—The United States-China Business Council today welcomed the announcement that the dispute over intellectual property rights between China and the United States has been settled.

Robert Kapp, president of the 300-member council, expressed satisfaction with the fact that the difficult negotiations had borne fruit, albeit at the last moment.

"We are delighted that once again, in the final seconds, the U.S. and Chinese Governments have been able to come to an agreement which, to each side, appeared preferable to continued confrontation," he said.

Kapp said he regarded the agreement reached in Beijing on Sunday as "the result of painstaking and difficult negotiations," and "a sign that both the U.S. and China fully understand the importance of maintaining and strengthening U.S.-China trade relations in the face of severe challenges."

He also said that the agreement demonstrated the positive results, in legal as well as economic terms, of broad U.S. commercial engagement with China.

"The social and economic environment in China is maturing with remarkable speed, and while differences between China and the U.S. will persist in many areas for many years, the extent of China's forward movement in fifteen short years merits considerable credit," the council president stated.

The U.S.-China Business Council, founded in 1973, is the principal organization of American businesses dealing with China.

#### IPR Accord Results in Fewer Pirated CD Retailers

HK2802080295 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Feb 95 p 3

["Intellectual Property Rights in China" column: "The Number of Retailers Selling Pirated Compact Discs Decreases Gradually as a Result of the Sino-U.S. Agreement on Intellectual Property Rights; Shanghai and Shenzhen Stock Markets Are Encouraged by the Agreement"]

[FBIS Translated Text] Beijing, 27 Feb (RENMIN RIBAO OVERSEAS EDITION)—The number of retailers selling pirated compact discs on Beijing's streets has decreased, while the retailers "had no choice but to raise prices."

We have observed the selling of "pirated" goods in public for a considerable period of time. It is true that the number of retailers has decreased in Beijing. However, the price increase has been increasingly obvious over the past two months.

The retailers say: "We have no choice but to raise the price" mainly because of the crackdown on the compact disc manufacturers in the southern coastal cities, which has blocked their source of goods. Moreover, none of the retailers dares have a fixed stall.

These retailers, who kept the compact discs hidden and dared not take them out in public, said: "To be sure, it will be increasingly difficult for us to do business."

Many stock buyers and listed companies are gratified at the success of the Sino-U.S. talks on intellectual property rights [IPR].

Shanghai and Shenzhen stock prices were expected to rise when the talks between Sun Zhenyu and Charlene Barshefsky reopened on 22 February. The index [as published] on 22 February rose by 53 points over the previous day. The market remained strong for a whole week and buyers outnumbered sellers.

Experts say that the success of the IPR talks will also influence the stock market in the near future.

Those who are gratified are mainly the listed companies included in the Chinese and U.S. retaliation lists and the investors holding shares in these companies.

#### Li Peng Meets Chairman of JP Morgan Company

OW2702165195 Beijing XINHUA in English  
1618 GMT 27 Feb 95

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—Chinese Premier Li Peng today met Douglas Warner, Chairman of JP Morgan of the United States



here at Zhongnanhai, and discussed the development of trade and economic relations.

Li expressed pleasure at Warner's taking China as the first nation on his tour, since becoming chairman of the corporation on Jan. 1, and said that China is a large market for investment, offering a great opportunity for investors.

While briefing Warner on China's economic situation, Li said that China is confident that its economic development will remain rapid and healthy.

According to Li, China's investment environment is improving gradually and the enforcement of laws is being perfected. He said that he hopes that JP Morgan and other U.S. Corporations will invest more in the areas of energy, the petrochemical industry, and transportation.

Referring to Sino-US trade and economic ties, Li said that there are two U.S. delegations visiting China right now, the energy delegation headed by Secretary O'Leary and the IPR consultation delegation headed by Charlene Barshefsky, which have both come up with satisfactory results through joint efforts. "We are pleased with this," he continued, adding that "China and the United States should become cooperative partners to benefit the two peoples as well as the development of the two economies."

Having been encouraged by the economic achievements China has made in recent years, Warner said that JP Morgan wishes to participate in China's economic construction, and hopes to become a constructive power in US-China trade and economic cooperation.

### Central Eurasia

#### Foreign Minister Kozyrev on Sino-Russian Relations

OW2802060595 Beijing XINHUA Domestic Service  
in Chinese 0245 GMT 28 Feb 95

[By reporters Wan Chengcai (8001 2052 2088) and Huang Huizhu (7806 1979 3796)]

[FBIS Translated Text] Moscow, 27 Feb (XINHUA)—In an interview with XINHUA reporters prior to his visit to China, Russian Foreign Minister Kozyrev said: Russia views the future of Sino-Russian relations with optimism [le guan di 2867 6034 0966]; and it is significant for the stability of the Asia-Pacific region and the world for Russia and China to hold dialogue on and cooperate in international affairs.

Kozyrev said: Due to the joint efforts of the two sides, Sino-Russian relations made new and substantive [zhi de 6347 4104] breakthroughs in recent years and the two countries moved onto the level of highly constructive partnership relations. This laid the political foundation for the two countries to gear toward mutually-beneficial, good-neighborly, stable, and long-term cooperation. He said: Two high-level meetings—President Yeltsin's visit

to China in December 1992 and President Jiang Zemin's visit to Russia in September 1994—played a crucial role in this respect.

Kozyrev said: The Sino-Russian Joint Statement, published in September 1994, determined the fundamental direction of Sino-Russian cooperation. The Russian side is satisfied [man yi 3341 2496] with current implementation of this document.

Speaking on the insistence by some leaders of Russia's Far East region on abolishing the 1991 Agreement on the Eastern Sector of the Sino-Russian Border, Kozyrev stressed: "Russia is a unified and integrated country led by the president. The president and government's stand is very clear. In accordance with the Russian Constitution, the signed Sino-Russian border agreements that have been approved by parliament will be honored [jiang de dao zun shou 1412 1779 0451 6690 1343]. Sino-Russian friendly and partnership relations will continue to develop irrespective of [bu guan 0008 4619] what the people in charge of some regions say."

On the objective of his visit to China, the Russian foreign minister said: This visit will be held within the framework of the agreement on maintaining regular political dialogue reached between Russia and China. It is aimed at ensuring continued development of bilateral relations, effectively implementing all agreements reached, and drawing up plans for mutual visits between high-ranking leaders of the two countries in 1995.

Kozyrev said: Russia and China carry decisive weight in the international arena. He expressed the hope of increasing cooperation between the two sides in international affairs.

Meanwhile, the Russian foreign minister pointed out: As with any other matters, in the course of the development of Sino-Russian relations, some matters are better handled, while continued efforts are needed on some others. With increased development in relations between the two nations, some problems that need to be settled have emerged. He hoped to quicken the transformation of bilateral economic relations into a pattern that complies with modern international standards as well as to explore ways for promoting more active cooperation between the two nations' border regions. He felt that all these problems should be solved through the joint efforts of the two sides.

Speaking on his feelings about the China visit, Kozyrev, who has visited China many times, said that he is deeply impressed with China's ancient culture, rapid development, and hospitality. He expressed the hope of learning more about China.

#### More on Interview

OW2802062595 Beijing XINHUA in English  
0554 GMT 28 Feb 95

[FBIS Transcribed Text] Moscow, February 27 (XINHUA)—Foreign Minister Andrey Kozyrev said today

that dialogue and cooperation between Russia and China are "of great significance" to the stability in the Asian-Pacific region and in the world.

In an exclusive interview with XINHUA before a visit to China, which begins on March 1, Kozyrev also said that Russia is "optimistic" about its ties with China in the future.

During recent years, Kozyrev said, thanks to concerted efforts made by both sides, the Sino-Russian ties have been upgraded to a constructive partnership.

Such a major breakthrough has mainly resulted from Russian President Boris Yeltsin's 1992 visit to China and the 1994 visit to Russia by his Chinese counterpart Jiang Zemin.

The establishment of the constructive partnership has laid the political foundation for the two friendly countries to ensure long-term and stable cooperation of mutual benefit with the 21st century in perspective.

Russia is satisfied that a joint declaration, inked during the 1994 summit between Jiang and Yeltsin to guide the development of the bilateral ties, is being carried out smoothly, Kozyrev noted.

Kozyrev also dismissed strong demands by some local leaders in the Russian Far East region for canceling an accord signed by Russia and China in 1991 on the demarcation of their eastern border.

Under the Russian constitution, he stressed, the accord, ratified by the parliament, should be implemented.

"Whatever these local leaders said," Kozyrev went on, "the friendly Sino-Russian partnership will continue to develop."

As to his forthcoming tour of China, Kozyrev said, the trip is aimed at securing sustained expansion of the bilateral ties and effective implementation of all the accords between the two countries and at working out the schedule for a 1995 summit.

He hoped that Russia and China will increase cooperation in dealing with international affairs since both countries are playing important roles on the international stage.

With the expansion of bilateral relations, Kozyrev said, some small problems have come up and they need to be settled.

The Russian foreign minister, who has been to China for several times, also told XINHUA that he was deeply impressed by China's ancient culture and rapid economic development and the Chinese people's hospitality.

#### **Russian Official Attends Cultural Ceremony**

OW2802055695 Beijing China Radio International  
in Russian 1900 GMT 21 Feb 95

[FBIS Translated Text] Our correspondent reports that the Chinese People's Association for Friendship With Foreign Countries, the China-Russian Friendship Association, and

the Russian Federation Embassy in the PRC held a ceremony in Beijing to present a photo album titled "Traveling the Volga River and Getting Acquainted With Russian Culture and Art." Those present were Chen Siyuan and Buhe, deputy chairmen of the NPC Standing Committee; Qi Huaiyuan, chairman of the Chinese People's Association for Friendship With Foreign Countries; Wu Xiuquan, chairman of the China-Russian Friendship Association; and also Igor Rogachev, Russian Federation ambassador to the PRC, and Mikhail Shvydkoy, visiting Russian deputy minister of culture.

Qi Huaiyuan, Igor Rogachev, Mikhail Shvydkoy, and Professor (Sung Meilang), a representative of the capital's art world, spoke at the ceremony. The speakers noted that the album was a contribution to the cause of exchanges between representatives of Russian and Chinese culture and the strengthening of friendship between the people of the two nations. (Jiang Tiunsheng), the author of the album and a well-known Chinese master of art photography, also spoke at the ceremony.

After the official portion of the ceremony was over, the Chinese and the Russians performed Russian folk songs.

#### **Kazakhstan Reportedly Bans Xinjiang Movement**

HK2802080595 Hong Kong LIEN HO PAO in Chinese  
27 Feb 95 p 7

["Special report" from Beijing by reporter Teng Pi-yun (6772 0012 0061): "Kazakhstan Reportedly Bans Xinjiang Independent Movement in Exchange for Beijing's Commitment Not To Be the First To Use Nuclear Weapons"]

[FBIS Translated Text] At the beginning of this month, the Beijing authorities pledged not to be the first to use nuclear weapons against the Kazakhstan Republic. This has undoubtedly relieved Kazakhstan from the fear of nuclear threat. It was pointed out that this pledge was made on condition that Kazakhstan would no longer allow the Xinjiang independence elements to carry out their activities within its boundaries. If Kazakhstan continued to tacitly consent to the activities of such elements within its boundaries, the pledge would become invalid automatically.

The mainland's foreign ministry did not deny this hearsay but held that it is a consistent foreign policy of the mainland not to be the first to use nuclear weapons against any nuclear-free countries while requiring the countries which have diplomatic relations with China not to support any separatist movements within their boundaries. The pledge by the mainland is only an expression of its sincerity in maintaining world peace, and not supporting the Xinjiang independent movement is also an obligation by Kazakhstan as a country with diplomatic relations with China.

Xinjiang's independent movement has not aroused as much attention in the international community as the Tibet issue but, to the Chinese mainland, the situation there is even grimmer. The Hui religious separatists in

Xinjiang have already established an "East Turkistan Republic." Growing out of the former Xinjiang Communist Party, it is an organization like the "Palestinian National Liberation Front," often conducting activities such as assassination with their spearhead pointed chiefly at local government officials, especially those in the public security departments. However, outsiders can hardly learn anything about the real situation there because of the news blockade.

The Hui nationality people in Xinjiang have many similarities with the people of many countries from central Asia to Turkey in respect of language and religious beliefs. For this reason, their separatist movement has been covertly supported by some countries and has thus become an international issue. It is also one of the factors for the frictions between the Chinese mainland and certain countries in central Asia, the Middle East, and south Asia.

Beijing's political observers believe that in the "post-Deng" period, there will only be very small opportunities for separatism on the mainland. If there are any, the major problem will be the nationality problem in the border areas, especially in Xinjiang. On the Taiwan issue, the mainland authorities are strongly upholding the policy of "one China," opposing any practices of "two Chinas" or "one China, one Taiwan," and rejecting separatism and separated administration. The reason behind this is to prevent the separatists in the border areas from making use of the Taiwan issue to support their growth. A stable situation in Xinjiang will be helpful to the mainland authorities in concentrating their strength on handling other issues in the "post-Deng" period, of course, including the Taiwan issue.

### Southeast Asia & Pacific

#### Delegation Head Speaks at Burma Women's Meeting

OW2502063395 Beijing XINHUA Domestic Service  
in Chinese 1407 GMT 21 Feb 95

[By reporter Zhang Yunfei (1728 0061 7378)]

[FBIS Translated Text] Yangon, 21 Feb (XINHUA)—On the morning of 21 February, Liu Liying, member of the All-China Women's Federation Standing Committee and head of China's women's delegation, delivered a speech at Yangon Nurses University on China's preparations for the Fourth World Women's Conference. Her speech received a warm welcome from Myanmar [Burmese] women.

Liu Liying said the Fourth World Women's Conference, which will be held in Beijing this September, "will create a tremendous and far-reaching influence on the realization of the 'Nairobi Strategy,' help raise women's status in the world, and help women to take part in social and economic development, as well as mutual understanding and friendly exchange among people."

She said the Chinese Government has attached a high degree of importance to this conference and given it full support. At present, the Chinese Preparatory Committee is proceeding with preparatory work in a comprehensive, planned, and effective manner.

She expressed the belief that Myanmar friends will enthusiastically take part in and contribute their efforts to the success of the conference.

Some 300 people heard Liu Liying's speech. These included women delegates from various walks of life in Myanmar [Burma], students and teaching staff from the Nurses University, members of the Overseas Chinese Women's Association, and Chinese Ambassador to Burma Chen Baoliu.

#### Vice Foreign Minister Meets Cambodian Leaders

OW2502142595 Beijing XINHUA in English  
1338 GMT 25 Feb 95

[FBIS Transcribed Text] Phnom Penh, February 25 (XINHUA)—Visiting Chinese Vice Foreign Minister Tang Jiaxuan today discussed bilateral relations when he called on Cambodia's National Assembly President Chea Sim.

Tang, who arrived on February 22 for an official visit, said that the president's upcoming visit to China will help strengthen the relations between the two countries and the parliaments.

During the meeting, Chea expressed his thanks to China for supporting Cambodia's efforts in restoring peace and rebuilding the country. He said his China visit will help deepen his understanding of China and boost trade ties between the two countries.

Receiving the Chinese official on Friday, First Prime Minister Prince Norodom Ranariddh said that Cambodia now enjoys political stability and national unity and has made progress in economic rehabilitation and reconstruction.

Ranariddh reaffirmed that Cambodia recognizes the government of the People's Republic of China as the sole legitimate government of China and regards Taiwan as a province of the country.

Ranariddh hoped that Chinese companies will invest in Cambodia and the two countries will strengthen cooperation, especially in agriculture.

Tang left for home this afternoon.

#### Meets Cambodian President Chea Sim

OW2702151695 Beijing XINHUA in English  
1434 GMT 27 Feb 95

[FBIS Transcribed Text] Phnom Penh, February 25 (XINHUA)—Visiting Chinese Vice Foreign Minister



Tang Jiaxuan today discussed bilateral relations when he called on Cambodia's National Assembly President Chea Sim.

Tang, who arrived on February 22 for an official visit, said that the president's upcoming visit to China will help strengthen the relations between the two countries and the parliaments.

During the meeting, Chea expressed his thanks to China for supporting Cambodia's efforts in restoring peace and rebuilding the country. He said his China visit will help deepen his understanding of China and boost trade ties between the two countries.

Receiving the Chinese official on Friday [24 February], First Prime Minister Prince Norodom Ranariddh said that Cambodia now enjoys political stability and national unity and has made progress in economic rehabilitation and reconstruction.

Ranariddh reaffirmed that Cambodia recognizes the government of the People's Republic of China as the sole legitimate government of China and regards Taiwan as a province of the country.

Ranariddh hoped that Chinese companies will invest in Cambodia and the two countries will strengthen cooperation, especially in agriculture.

Tang left for home this afternoon.

#### **Paper Views Sino-Philippine Spratlys Dispute**

HK2802090695 Hong Kong TA KUNG PAO in Chinese  
26 Feb 95 p 2

["Weekly Review" column: "Philippines Navy Vessels Gather in Vicinity of Nansha Islands"]

[FBIS Translated Text] An Ordinary Facility Offering Shelter

Under the excuse that some construction was erected on the Meiji Reef in China's Nansha Archipelago [The Spratlys], the Philippines recently assembled aircraft and navy vessels on the island of Palawan facing the South China Sea. Believing that it had territorial rights over the Nansha Islands, the Philippines was "prepared for the worst" against China.

According to foreign reports which have spread frequently, this is the reason giving rise to the so-called "tense situation" in the South China Sea. The Chinese Foreign Ministry spokesman said on 9 February that "the facility built by China on the Meiji Reef is merely a shelter for fishing boats and the purpose of the facility is to protect the safety of the fishermen operating in the Nansha waters." Why has a small shelter led to a disturbance?

The shelter is very simple. The Philippines Defense Ministry has already published its photographs of the shelter. Everyone can see that it is an ordinary, rude, and simple construction, without any "military" flavor. The

Philippines has made a great show and exaggerated that the shelter on the small reef had something to do with the military. Apart from deliberately creating sensational news, it cannot attract any attention from the surrounding countries.

On the one hand, the Philippines has unofficially asked the United States to meddle in the matter on the basis of the U.S.-Philippines Joint Defense Treaty. On the other hand, it has asserted that a delegation will be sent to China in March to consult on the sovereignty over the Nansha islands. At the same time, the Philippines has made military deployments, dispatching navy vessels, F5A jets, and military helicopters to Palawan. Because of the "military" influence and restrictions imposed on the fishermen on the island, the livelihoods of those living on the island have been threatened because 70 percent of the 37,000 inhabitants residing on the island make a living from fishing.

#### **Shelving the Dispute and Seeking Common Development**

There is no story without coincidences. The Philippine Parliament adopted a Military Modernization Bill on 23 February. Although President Ramos said that the "move is not aimed at the recent threat" while signing the bill, the effect of the Philippines media reports on the construction on the Meiji Reef accelerated the adoption of the Military Modernization Bill, which stated that Philippine defense spending will be increased to 50 billion pesos (around \$2 billion) during the first five of the next 15 years, the increase to be used to purchase weapons from abroad.

Has the Philippines not been too sensitive and nervous by doing this? Of course, it has. China has repeatedly declared that it is willing to peacefully settle the disputes over Nansha Archipelago through bilateral talks with the countries concerned. If they cannot find the best solution, the disputes should be shelved and they should seek common development.

The common development stressed by China is aimed at seeking practical interests while shelving the disputes over sovereignty. This is a realistic method for quelling the disputes. The deployment of Philippine naval and air forces is an unnecessary move, which will do no good to the Philippines or to the Sino-Philippine friendly ties.

Leave aside the controversy on sovereignty over the Nansha Islands and let the countries concerned seek common development. This is the most practical and feasible proposal made by China to maintain good-neighborly relations with the ASEAN nations.

#### **There Were Conclusions Long Ago That The Nanshas Belong to China**

It is beyond doubt that the sovereignty of Xishas [Paracels] and Nanshas belongs to China, according to conclusions made in history. There is a lot of historical evidence, which need not be explained in detail here.



The Philippines has asked the United States to back its territorial claim over the Nanshas. However, the United States refused to comment on the question of sovereignty over the Nanshas. This indicates that the United States deliberately avoided a positive answer because it clearly knew that the Nanshas belonged to China.

The Nanshas and Xishas are the largest archipelagoes in the South China Sea. Like the Dongsha and Zhongsha archipelagoes in the east, they have always been Chinese territory. The large amount of ancient, modern, Chinese, and foreign historical materials, documents, maps, and cultural relics which serve as evidence, has been acknowledged by many countries in the world and the international media. The controversies over the Nanshas and Xishas have been stirred up today because the surrounding countries have cast their greedy eyes on the rich oil and gas resources there. As a result, they have made territorial claims one after another to scramble for the oil resources.

Out of its desire to maintain friendly ties with the ASEAN nations, China proposed "shelving the disputes and seeking common development." Taking this as a weak posture, some countries attempted to reach out for a yard after taking an inch. On the one hand, they stirred up the controversy over sovereignty and, on the other, they adopted the means of nibbling and occupation, creating a fait accompli by gradually swallowing in a bid to permanently occupy the territory.

#### **Some Countries Are Trying to Throw Mud at China**

In view of China's rapid economic growth, some other neighboring countries are worried that China will become an economic power or what they call a "military power." These countries have frequently carried out activities in Southeast Asia in a bid to isolate China. To protect its territorial waters, it is quite natural for China to dispatch small navy vessels to patrol the Nansha waters. This is actually the duty of a sovereign state to protect its territory from outside threat.

However, Vietnam made an issue of this, clamoring that China's naval presence in the Nanshas constituted a threat to the surrounding nations. The United States and some Western nations responded immediately and occasionally spread fallacies that China would step up its military expansion following its economic development.

China has repeatedly stated its position that it has absolutely no ambition against the ASEAN nations and its neighboring countries. Nevertheless, there are some politicians and military officials from these countries who do not like socialist China and lack confidence in China. When they witness China's economic prosperity, they vie with one another to enter China's markets. On certain issues, however, they join others or individually try to make things difficult for China and attack China.

China has reiterated that it wants to shelve the dispute over the sovereignty of the Nanshas and seek common development. This is the case at present and will also be in the future. It will be unrealistic for anyone to expect to pressure China to make further concessions.

The new trends in the Southeast Asian situation arising from the controversy over the Nanshas will become a new problem in the future which merits attention.

#### **Yunnan's He Zhiqiang Hosts Banquet for Thai Princess**

*OW2702151395 Beijing XINHUA in English  
1431 GMT 27 Feb 95*

[FBIS Transcribed Text] Kunming, February 27 (XINHUA)—Princess Maha Chakri Sirinthon of Thailand arrived here this afternoon for an 8-day visit to southwest China's Yunnan Province.

This evening, Governor He Zhiqiang of Yunnan Province met with Princess Sirinthon and hosted a banquet in her honor.

### Political & Social

#### **Eighth NPC Standing Committee Plenary Session Held**

OW2702154695 Beijing XINHUA in English 1537  
GMT 27 Feb 95

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—The 12th plenary session of the Standing Committee of the Eighth National People's Congress (NPC) was held in Beijing today.

Xue Ju, Chairman of the NPC Bills Committee, delivered a report concerning opinions on revisions of six draft laws.

During the plenary session, members held group discussions and deliberated revised drafts of election law, local organic law, layers' law, procurators' law, police law and the decision for punishing criminals in violation of corporate law.

All members believed that the above revised law drafts have absorbed opinions from NPC Standing Committee members and that of different localities, different departments and many experts and are comparatively well-considered. Therefore, they agreed to adopt the revised draft laws at this meeting after putting forward some new views and proposals for improvement.

Chairman Xue also made another report on the result of deliberation upon the revised draft of taxation management law.

Today's meeting was presided over by Buhe, vice-chairman of the Standing Committee of the Eighth NPC.

#### **Qiao Shi Attends Plenum**

OW2802141395 Beijing XINHUA Domestic Service in Chinese 1315 GMT 27 Feb 95

[FBIS Translated Text] Beijing, 27 Feb (XINHUA)—The 12th session of the Eighth National People's Congress [NPC] Standing Committee held a plenary meeting at the Great Hall of the People today.

Chairman Qiao Shi attended the meeting which was chaired by Vice Chairman Buhe.

Xue Ju, chairman of the Law Committee, made a report to the standing committee members on opinions concerning amendments to six draft laws, including a decision on amending the Election Law, a decision on amending local organic laws, the Judges' Law, the Procurators' Law, the Law on People's Police Ranks, and a decision on punishing criminals violating the Corporation Law; and a report on deliberating draft amendments to the law on tax levies and management. He said: After deliberations at this standing committee session, members generally held that these draft laws are rather mature and agreed to approve them by vote at this session; meanwhile, they also raised some opinions on amendments to these draft bills.

During a discussion conducted later, Cai Zimin, Zhang Kehui, Li Liyun, and Guan Shuqing, spoke on work related to Taiwan affairs and the issue of promoting the reunification of the motherland. Members, including Li Hao, Dong Fureng, Huang Yicheng, Tong Zhiguang, Yin Fatang, Lin Zongtang, Yang Jike, and Xia Jiaju, expressed their views and suggestions on topics related to draft laws and macroeconomic regulation and control.

Attending the meeting were vice chairmen Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Lei Jieqiong, Li Ximing, Wang Bingqian, Wang Guangying, Cheng Xiyuan, Lu Jiaxi, Tomur Dawamat, Li Peiyao, and Wu Jieping and Secretary General Cao Zh.

State Councillor Chi Haotian attended the meeting as an observer.

#### **Passes Laws on Judges**

OW2802082895 Beijing XINHUA in English 0714  
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—The 12th session of the Eighth National Peoples Congress [NPC] Standing Committee passed the "Law on Judges", the "Law on Procurators" and the "Law on the People's Police" in the Great Hall of the People here this morning.

The "Law on Judges" contains 17 chapters and 49 clauses, providing detailed regulations on the responsibilities, commitments, rights, appointments and removals, etc., concerning judges. The law has been worked out to ensure that the people's courts can independently use their judicial authority and judges can perform their duties according to law. The law will also help improve the quality of judges and realize scientific administration of justice. It will go into effect July 1, 1995.

The "Law on Procurators" consists of 17 chapters and 52 clauses. Its drafting aims to ensure that the people's procuratorates perform their legal supervision and exercise their procuratorial authority independently, ensure that procurators do their duty according to law, improve the quality of procurators and carry out scientific administration of procuratorial work. The law will go into effect July 1, 1995.

The "Law on the People's Police" consists of eight chapters and 52 clauses, with detailed regulations on the rights, duties, discipline, organization and various other aspects of the people's police. The drafting of the law aims to protect the state's security and social stability, and protect the citizens' legal rights and interests, as well as to improve the quality of the people's police and ensure that they perform their duties according to law. It goes into effect upon its publication.

#### **Strengthens Corporation Law**

OW2802083095 Beijing XINHUA in English 0701  
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—An amendment to China's Criminal Law was

approved today by the National People's Congress [NPC], the top legislature, which stipulates that violators of the Corporation Law may be given a term of imprisonment of five years or more.

For those who take advantage of their official posts to seek or take bribes or cause large amounts of property losses for companies, and those who steal large amounts of company property could be given penalties of more than five years' imprisonment, the decision says.

The decision on punishing violators of the Corporation Law adopted by the 12th session of the National People's Congress Standing Committee was made to "to deal with the considerable number of company owners and shareholders who make false claims about investments, or who sell securities without permission, or conceal the amount of property at times of auditing."

It is expected to ensure the operation of the Corporation law which went into effective July 1, 1994, "protect the legitimate rights of companies", and "maintain the economic order", committee sources said.

The decision became effective today.

Those committing the crimes mentioned above could also be fined. All illegal income shall be confiscated.

Government agencies and their staff who break rules to allow unqualified companies to be set up, registered, or issue shares bringing about serious damage to public property, the interests of the state and the people, will be punished according the Criminal Law.

As false claims about investments are widespread, legislature sources said earlier, company owners will be allowed a fixed time to total up their monetary input or register the actual total amount.

#### Adopts Seven Laws

OW2802090995 Beijing XINHUA in English 0721  
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—The National People's Congress (NPC) Standing Committee, China's top legislature, concluded its eight-day 12th session today, having adopted seven laws and amendments and approved four decisions concerning the upcoming NPC plenum.

The decisions on revisions to the Election Law and the Local Organization Law were ratified to "further improve the country's democratic political system by bringing the role of the people's congress system into full play and beefing up the construction of local leaderships".

Sixteen and 29 changes were made to the two laws, respectively.

They both went into effect today.

The laws on judges, procurators and the police were adopted, with the first two becoming effective July 1 this year and the last becoming effective today.

The three laws are expected to guarantee the independence of judges, procurators and policemen in the exercise of their duties, and enhance the proficiency of judicial organizations.

The Committee approved the decision on punishing violators of the Corporation Law and the decision on revision of the Taxation Law.

They became effective today.

To prepare for the Third Plenum of the Eighth NPC, to begin on March 5, the session decided to submit the draft agenda, and the name lists of the presidium and secretary general of the plenum to the preparatory meeting of the plenum.

The work report of the NPC Standing Committee was passed in principle, and will be discussed at the plenum.

The committee also decided who would be the nonvoting delegates to the plenum.

Meanwhile, a Sino-Canadian Treaty on Judicial Assistance was ratified today.

The committee also approved the appointment of Chen Bangzhu, former governor of Hunan Province, as minister of Internal Trade. The former Internal Trade Minister, Zhang Haoruo, was named vice minister of the State Commission for Restructuring the Economy.

The committee also approved other appointments and removals.

#### Chen Bangzhu Appointed Minister of Internal Trade

OW2802075095 Beijing XINHUA in English 0651  
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—The Standing Committee of the National People's Congress (NPC) here today approved the appointment of Chen Bangzhu, former governor of Hunan Province, as minister of Internal Trade.

A spokesman for the NPC Standing Committee said that outgoing minister of Internal Trade Zhang Haoruo has been appointed vice minister and secretary of the Party Group of the State Commission for Restructuring the Economy.

Chen, 60, has long been engaged in economic work. He is quite familiar with the international economy, foreign trade and the conditions of market circulation and enterprises. He has rich experience at grassroots level work, with strong organizing and leading ability and understanding of policy.

In October 1994, when guiding economic work of Hunan, Chen stressed adoption of effective efforts to



check price hikes and improve market circulation. He said that supplies of agricultural products and by-products that are closely related to people's everyday lives should be largely increased, and more attention paid to the "vegetable basket" project.

He also stressed market development, market management and reinforcement of macro-control, demanding that state-run commercial departments should be well managed, so as to regulate the market and balance prices.

Chen received college-level education, and has been a technician, engineer and chief engineer. In 1983 he was appointed deputy Party secretary and mayor of Hunan's Yueyang City. Later he was transferred to the position of director of the Hunan Provincial Commission of Foreign Trade and Economic Cooperation. Then he was appointed deputy governor of Hunan. Since 1989 he had been deputy Party secretary, acting governor and governor of Hunan. He is a member of the 14th Central Committee of the Communist Party of China.

#### Jiang Zemin Signs Degree

OW2802081095 Beijing XINHUA Domestic Service in Chinese 0744 GMT 28 Feb 95

[FBIS Translated Text] Beijing, 28 Feb (XINHUA)—PRC Presidential Decree

No. 43

In accordance with a decision made at the 12th meeting of the Eighth National People's Congress Standing Committee of the PRC on 28 February:

Zhang Haoruo is removed from the post of minister of internal trade.

Chen Bangzhu is appointed as the minister of internal trade.

[Signed] PRC President Jiang Zemin

[Dated] 28 February

#### Li Peng Comments on Minister

OW2802121595 Beijing XINHUA Domestic Service in Chinese 0856 GMT 28 Feb 95

[FBIS Translated Excerpt] Beijing, February 28 (XINHUA)—[Passage omitted] As for the personnel appointment and removal motion submitted to the National People's Congress Standing Committee for a decision, Li Peng, premier of the State Council, held that Chen Bangzhu is the right person for the post of internal trade minister. He said: Chen Bangzhu has been engaged in economic work for a long time; is familiar with foreign trade and economic affairs, commodity distribution, and enterprises; can truly implement the party's and the state's line, principles, and policies; is experienced in grass-roots work; is competent to organize and to lead; and has a fairly good understanding of policy. Under a rather grim situation of pricing while making arrangements for Hunan's economic work in October 1994, he

emphasized taking further effective measures to resolutely control fairly high price rises and to invigorate commodity distribution. He proposed greatly increasing the effective supply of farm and sideline products which are closely related to people's living; to continue doubling our efforts to make the "vegetable basket" project a success; to try every means possible to set up and explore markets; to truly take the main responsibilities of regulating the market and curbing inflation; to maintain normal, orderly commodity distribution; and to be concerned with people's lives.

Li Peng said: Chen Bangzhu is very devoted to his work, thinks clearly in carrying out his work, handles problems in a decisive manner, sticks to principles, is honest and democratic in his ways, pays attention to maintaining leading bodies' unity, coordinates the enthusiasm of all quarters, maintains links with the masses, respects veteran comrades, and is strict on himself. [passage omitted]

#### Daily Says China Enters Era Without Deng

HK2802072895 Hong Kong MING PAO in Chinese 21 Feb 95 p C7

[By Li Min (7812 3046): "China Has Entered Era Without Deng Xiaoping"]

[FBIS Translated Text] Over the past three months, the West has again focused attention on conjecturing and probing into Deng Xiaoping's health and the situation in China which might change following Deng's death.

To the Chinese living on the mainland, this is something of the past.

In China, both the people's thinking and the course of the actual power struggle entered the era without Deng Xiaoping long ago.

#### Funeral Ceremony Is the Only Thing Missing

Deng Xiaoping is a 90-year-old man. As a matter of fact, the probe into his health has no significance at all.

How can an old man at this age be in good shape? Even a slight cold may lead to his death. When Zhu De was still in good health in 1976, he said: "Our premier has died and our chairman is ill. Since no one is available to meet foreign guests, let me do it." As a result, General Zhu, who retired long ago, was organized by the Foreign Ministry to meet foreign guests. As he was not accustomed to the airconditioning in the Great Hall of the People, he immediately caught a cold which developed into acute pneumonia that evening. He died of illness early the second morning. As everyone knows, Chen Yun, who is a few years younger than Deng Xiaoping, was already weak by the end of the 1970's. In the early 1980's, the CPC Central Committee General Office issued a document which stipulated that the documents for Chen Yun to read should not exceed 300 characters. With such poor health, he could not have been expected



to live up to the present. Fifteen years have elapsed and he seems to be in better health than Deng Xiaoping. Ye Jianying was in a critical condition on three occasions in the mid-1980's. The CPC Central Committee General Office informed his family members and relatives three times to gather in Beijing, the Foreign Ministry informed all the foreign embassies and issued the "late photograph" of Ye Jianying, and made preparations for his funeral ceremony. However, he was saved on every occasion and lived for another four years. A leader like Deng Xiaoping has the best medical doctors at his side. Over the past five years, his house has been equipped with the best medical facilities and looks like a small modern clinic. No matter what kind of acute disease he is afflicted with, he can be saved. To date, however, Deng doesn't seem to be suffering from any incurable disease. The main thing is that he is old and weak.

In a word, the Chinese people are more realistic than the Western nations with regard to Deng Xiaoping's health. When it is time for Deng to go, he will go. The Chinese were prepared ideologically long ago for the death of the 90-year-old man. A funeral ceremony is the only thing missing.

#### **Post-Deng Power Struggles Were Carried Out Long Ago**

The sharp and sustained struggles at the top levels within the CPC over the past decades have extremely confused Western observers. There is a viewpoint which has spread recently: "After Deng Xiaoping dies, the struggles for power at the top CPC levels will be very acute and China's situation may be thrown into disorder." Such a viewpoint seems to have affected the policy decisions made by Western leaders to some extent.

This is also something outdated for the Chinese living on the mainland.

As a matter of fact, the power struggles focused on post-Deng Xiaoping period within the CPC, which were proceeding fiercely three years ago, were basically brought to an end at the Fourth Plenary Session of the 14th CPC Central Committee, held at the end of last year.

The most decisive struggle took place on the eve of the 14th CPC Congress in 1992. Deng Xiaoping, who was 88 at that time, fully realized that it was his last opportunity to make arrangements for his successor. Hence, he was very prudent.

At that time, Jiang Zemin's office of general secretary was challenged by Yang Shangkun. It was impossible for Yang, who was then 80, to replace Jiang Zemin and assume the office of general secretary. But he wanted to become Deng Xiaoping the second. After Deng's death, Yang expected a new leading body, which would drift away from Deng and maintain close ties with him so that he could have control over the new leading body after Deng's death. He could also have actual control over

China's political situation though he is an ordinary citizen in terms of law. On the eve of the 14th CPC Congress, Yang Shangkun proposed two schemes to Deng Xiaoping: First, as Jiang Zemin's "political achievements are not outstanding," Qiao Shi should be appointed general secretary or deputy general secretary while Zhu Rongji should be appointed premier. Second, the Central Advisory Commission should continue to be retained, with Yang as chairman of the body. The plan which was aimed at replacing Jiang with Qiao received strong objections from Jiang Zemin. In cooperation with Li Peng, Jiang Zemin called on a number of senior military officers to write a letter, informing Deng Xiaoping of Yang Shangkun's brother Yang Baibing abusing his powers as vice chairman and secretary general of the Central Military Commission, director of the General Political Department, and deputy director of cadres, to build up his forces and sphere of influence in the Army. The purpose was to make use of Yang Baibing to discredit Yang Shangkun.

The struggle reached such a fierce extent that Deng Xiaoping could not make a final decision, even on the morning of the day before the official opening of the 14th CPC Congress. The final decision was made on the afternoon of that day: First, the position of Jiang Zemin and Li Peng would remain unchanged and there would be no deputy secretary. Second, Qiao Shi will be chairman of the National People's Congress [NPC] and will hand over all his powers in the political and legal fields. Third, Yang Baibing will be removed from office. Fourth, the Central Advisory Commission will be abolished. The conclusion of the struggle was: Yang Shangkun suffered a total failure and his forces in both the CPC Central Committee Political Bureau and the Central Military Commission were completely shattered.

As a matter of fact, the struggle on the eve of the 14th CPC Congress was the power struggle after Deng's death occurring in advance. The period from the 14th CPC Congress in 1992 to the Fourth Plenary Session of the 14th CPC Central Committee in 1994 was one in which Jiang Zemin consolidated his ruling position. Jiang concentrated all the powers. First, with Ren Jianxin as his assistant, he took over all Qiao Shi's powers related to political and legal work. Second, in addition to Zhu Rongji who became his assistant, Wu Bangguo and Jiang Chunyun took charge of the economy after the Fourth Plenary Session of the 14th CPC Central Committee. Now, Jiang Zemin is the head and Zhu Rongji is deputy head of the CPC Central Committee's Finance Leading Group. Third, Qian Qichen is his assistant in charge of foreign affairs and Hong Kong and Taiwan work. Although Li Peng is head and Qian Qichen is deputy head of the leading group in charge of foreign affairs for the central authorities, the powers of foreign affairs work are within Jiang Zemin's control. Fourth, as Deng Xiaoping no longer concerned himself with political affairs after the 14th CPC Congress and he could no longer play bridge because of his advanced age, Ding Guangen was transferred to work under Jiang, assisting

him in taking charge of ideological work and taking over all the work of Li Ruihuan. Fifth, as state president and chairman of the Central Military Commission, Jiang Zemin assumed the powers of the party, government, and the Army.

#### **The Factions Within the Army Are All Cleared Up**

The process of "party-government integration" is continuing. The practice of party secretaries assuming the offices of governors or mayors has already started in a number of provinces and cities. From the locality direct to the central, the future state president will be head of the state with real powers while the premier will only be his assistant responsible for executing his orders. The "Jiang structure" has now totally replaced the "Jiang-Li" structure in China. China's current power setup is gradually returning to the years when Mao Zedong assumed both the powers of the party and government.

Without the consent of Deng Xiaoping, all this would be impossible.

The power struggles which lasted two and a half years from the eve of the 14th CPC Congress to the Fourth Plenary Session of the 14th CPC Central Committee, were focused on personnel and power arrangements after Deng's death. What is special is that the struggles were intentionally arranged by Deng before his death.

Some people say that Jiang Zemin will not be able to maintain control over the Army, which may rise in rebellion after Deng's death.

This is a viewpoint which does not understand the fundamental change effected in China's military structure through decades of changes.

Because of the unique history of contemporary China and its Army, there have always been factions within the Chinese Army. However, there are two basic conditions for the formation of factions: First, long-term stability in the same theater of operations and armed forces, such as the military region and the field armies during the war years. Second, only the officers in command of troops can form their own factions because they have the power to promote cadres. It would be impossible for the non-military officers to form factions, despite their seniority and reputation in the Army. For example, Ye Jianying was with the People's Liberation Army (PLA) for a very long time and enjoyed a great reputation. Although he was a marshal and assumed the office of chief of staff for a long time, he never personally led a unit so it would be impossible for him to form a faction within the Army. The case is also the same for Yang Shangkun. Although Yang Shangkun was vice chairman of the Central Military Commission for a long time, he did not have troops under his direct control. His influence and control over the Army were actually exaggerated. Following the "Cultural Revolution," there was only one man, Deng Xiaoping, who could have control over the Army.

A fundamental change has been effected in the power structure of the Army. First, through long-term exhaustion, the factions centered on the military regions and field armies disappeared long ago. Now, over 90 percent of the army commanders and 100 percent of the commanders below the division level joined the army since the Korean War. To these people, the factions formed by the past field armies do not exist. In other words, the old factions in the Army have totally disintegrated. Second, it has introduced the system for regular transfer of senior level officers, making it difficult to form new factions. Therefore, the development to the present stage shows that there are actually no fixed organizations and factions within the Chinese Army. Besides Deng Xiaoping, no other person has the ability to have control over the Army.

Jiang Zemin does not have troops under his direct control but nor do others either. Because of the changes in historical conditions, it is unlikely that there will be factions and leading figures of the factions like the ones in the past. As a consequence, the Army can only be under the command of the organization, the leaders of the Central Military Commission, and the state. This change constitutes a favorable condition for Jiang Zemin to have the Army under his control.

#### **China's Situation Will Remain Relatively Stable After Deng's Death**

Naturally, the above analysis does not mean that there will be no struggles for power at the top CPC levels after Deng's death. Power struggles exist in all societies. The power struggles which have dominated China's destiny over the decades, were the result of an imperfect political system. To this day, China has not yet introduced political reform. Before the establishment of a perfect political system, the scramble for power will inevitably continue. Nevertheless, the future scramble for power will be focused on other subjects rather than personnel arrangements and redistribution of power after Deng's death.

For a leader like Deng Xiaoping, who enjoys a great reputation and assumed actual power, it is inevitable that his death will result in turbulence in China. Even when the people are ideologically prepared and the funeral arrangements have become a foregone conclusion, turbulence will be unavoidable. The problem is whether the turbulence will lead to great disorder. Those who have no prejudice and who understand China's status quo must acknowledge: First, China's reform and opening up have been successful, its economy as a whole has developed rapidly, the people's living standards have improved remarkably, and it is unlikely that China will backtrack. Anyone who wants to challenge power dare not challenge this policy. The future struggles for power can only be on redistribution of power based on no fundamental differences on the policy, which is bound to limit the scope and influence of the struggles. Second, because of the success of the policy and the bitter lessons

drawn from the past decades, the people strongly hope for stability in the social and political situation. Such irresistible desire will check the struggle for power. Third, because of different historical conditions, the factors for the "Mao Zedong era" style power struggle no longer exist. The forms of future power struggles will vary and produce little impact on the people's living standards and other fields.

According to the illusions of some Western observers, China will be split following the death of Deng Xiaoping, like the former Soviet Union. They have cherished such a viewpoint because of their hostility toward China and lack of understanding of China's status quo. They also do not understand the success of China's policy on reform and opening up, which has changed the Chinese people's mentality enormously and conditioned the changes in China's political situation.

Naturally, political reform has not yet started in China. Without corresponding political reform, the economic reform alone cannot be a complete success. In addition, it will be impossible to entirely eliminate the factors leading to political turbulence. Nonetheless, the successful economic reform is still the main factor backing political and social stability. The development of the situation will turn out to be the opposite of what the Western observers have conjectured. Although there may be turbulence if Deng Xiaoping dies in the near future, China's overall situation will remain relatively stable for a period of time.

#### **PRC Said Preparing 'Large-Scale Government Reshuffle'**

HK2802064795 Hong Kong SOUTH CHINA MORNING POST in English 28 Feb 95 pp 1, 8

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Beijing is preparing a large-scale government reshuffle that will better enable the leadership to maintain political stability and implement an aggressive foreign policy.

The changes, some of which will be endorsed by the forthcoming plenary session of the National People's Congress (NPC), will also boost the powers of President Jiang Zemin.

Diplomatic sources said yesterday that Vice-Premier Qian Qichen was poised to give up his concurrent position of Foreign Minister.

And Foreign Trade Minister Wu Yi, who presided over intellectual property rights negotiations with the United States, was tipped to be promoted "at least" to State Councillor.

"Last-minute horse-trading is still going on for personnel changes that will be announced at the end of the NPC in mid-March," a senior Western diplomat said.

He said what was certain was that Communist Party Politburo members Wu Bangguo and Jiang Chunyun would be made vice-premiers.

Since the two politicians, who are also members of the Central Committee Secretariat, are close to President Jiang, their promotion would consolidate the latter's status as the core of the new leadership.

The diplomat added there was a good possibility that Vice-Premier Zou Jiahua and State Councillor Chen Junsheng would retire at the NPC or later this year.

Mr Zou, 68, is in charge of infrastructure projects and Mr Chen, 67, a former aide to ousted party chief Zhao Ziyang, looks after agriculture and flood prevention.

Sources said while the leadership had decided last year Mr Qian should give up day-to-day handling of foreign policy, there was no consensus on his replacement as foreign minister.

A source close to the Foreign Ministry said Premier Li Peng, who is the head of the Central Committee's Leading Group on Foreign Affairs, had given his backing to State Councillor Luo Gan.

Other Politburo members, however, favour Vice-Foreign Minister Tang Jiaxuan, a fast-rising star in the diplomatic establishment.

The leadership is also believed to have received word from Foreign Ministry staff that they do not support Mr Luo because he is not a career diplomat.

The source said President Jiang was leaning towards Mr Tang, a fluent English and Japanese speaker whose portfolio includes Asia and the former Eastern bloc.

Some Beijing-based diplomats said they expected an overall "toughening up" of Chinese diplomacy this year particularly with reference to relations with the U.S. and the Taiwan issue.

After giving up his job as foreign minister, Mr Qian will remain a vice-premier and politburo member with overall responsibility for diplomacy.

He will, however, be devoting more time to Taiwan, Hong Kong and Macao.

If Mr Luo, whose portfolio is security and personnel, does not get the job of foreign minister, he will be given more responsibility in law and order.

Police sources said that the leadership would shortly restructure the security apparatus, including the Ministry of Public Security and the Ministry of State Security.

The sources said one theme underlying the restructuring of the police apparatus would be to boost party control and supervision, particularly over the issues of efficiency and administrative probity.



Political analysts said that Ms Wu, backed by both President Jiang and Premier Li, was likely to get a major promotion.

The one senior politician who will lose most in the reshuffle is believed to be Executive Vice-Premier Zhu Rongji.

While he retains overall control over the economy, the economic czar has recently ceded major portfolios to Mr Jiang Chunyun and Mr Du, who will be in charge of respectively agriculture and industry.

It is understood that Mr Zhu will soon give up his concurrent position of Governor of the People's Bank of China.

And if the right candidate can be found for the major position, the changeover of the leadership of the central bank could be announced at the NPC.

Mr Zhu, who has taken flak for the leadership's questionable performance in controlling inflation and boosting grain production, has adopted a low profile.

The Executive Vice-Premier has mainly been involved in the recent crackdown on illegal financial deals.

#### **Inflation Brings 'Danger of Social Disturbances'**

*HK2802065195 Hong Kong EASTERN EXPRESS in English 28 Feb 95 p 7*

[By Bruce Gilley]

[FBIS Transcribed Text] Persistently high inflation has brought social stability in the cities close to breaking point and that limit could be breached this year, a leading mainland analyst warned yesterday.

A just-completed survey found a dramatic rise in the proportion of city residents who could not survive because of inflation and in the number who felt inflation was a serious problem, Yuan Yue, the president of the Beijing-based Horizon Market Research, said.

"The state leaders are aware that the situation is reaching the point where international experience tells us there is a danger of social disturbances," he said on a visit to Hong Kong.

The survey, conducted in December and jointly run by Horizon and the State Statistical Bureau, covered 1,025 people in Beijing and Shanghai.

About 7 percent of respondents were unable to survive on their current income, up from about 3 percent in the same survey held a year earlier.

Such people were defined as those unable to afford two of six basic expenditure items, including food, clothing, shelter, transport, education and health.

Government researchers predicted that if this proportion reached 10 percent then social stability would be in danger of collapse, Yuan said.

The survey also investigated the general view of city residents towards inflation.

About 75 percent of respondents felt that inflation had become a "serious problem", up from about 50 percent a year earlier.

"We were shocked when we saw the results," Yuan said. "Such large increases reflected the powerful effects of last year's inflation."

Consumer price inflation reached a post-1949 high of 24.2 percent last year. The monthly rate fell slightly to 24.1 percent in January, but few analysts expect the government to meet its target of 15 percent for the year.

Urban inflation remains slightly lower than in the countryside, rising 23.6 percent in January compared to 24.8 percent in rural areas.

Yuan said that the situation in most cities was probably worse than reflected in the survey given that Beijing residents enjoy extensive subsidies while those in Shanghai have relatively fast income growth.

"Our leaders care about this survey because there is an old saying in Chinese politics: 'If you want to keep China stable then you must keep Beijing and Shanghai stable'," he said.

"But the people who are really suffering are in the small and medium-sized cities, and in large cities with a lot of state factories."

The State Statistical Bureau reported in December that 12 million urban residents lived in poverty, accounting for about 3 percent of the country's urban population.

Many of these are believed to live in big industrial cities of the north, such as Harbin and Xian, where bankrupt state firms and groggy economies have thrown many families into financial hardships.

In resolving the crisis, Yuan said, Beijing would be guided by the results of a separate survey which had shown an aversion to government solutions to the problem.

The internally circulated survey, also conducted by Horizon, found that 30 percent of urban residents felt government intervention was the best way to tackle falling real incomes, while 27 percent believed in self-help and another 24 percent wanted higher salaries from their employers.

"This is why the government wants to concentrate on state enterprise reform as well as helping laid-off workers to create their own jobs," Yuan said.

#### **Dissident Urges End to 'One-Party Dictatorship'**

*HK2802080095 Hong Kong LIEN HO PAO in Chinese 27 Feb 95 p 2*

[Report by reporter Lin Tsui-fen (2651 5050 5358): "A Collection of Letters Between Noted Dissident Xu Wenli and His Wife During Xu's Imprisonment to Be Published"]



[FBIS Translated Text] He Xintong (also called Kang Tong), wife of Xu Wenli, a noted pro-democracy activist in Beijing, recently finished preparing letters totaling 400,000 characters between the couple while the husband was in jail for publishing. In a postscript to the book, she writes an article entitled "True Love Exists in the Human World." There she expresses gratitude to friends for their loving care and help over more than 10 years. He Xintong is a descendant of the famous Tang Dynasty poet He Zhizhang.

Xu Wenli is a principal representative of the pro-democracy activities based on Beijing's Xidan Wall. In April 1981 he was arrested and then sentenced to 15 years' imprisonment. He was released on parole in May 1993 when China's most-favored-nation status was being considered by the U.S. Government.

After being released, Xu Wenli turned down the invitations of his friends to go abroad to carry out academic study. For the past more than one year he has kept silent but has still visited more than 10 provinces under the surveillance of the authorities. He has traveled widely to find out the social conditions and popular feeling in the country.

His wife He Xintong quotes him as expressing the following opinion on resolving the current political and economic problems and the national crisis: "The entire Chinese people becoming united, and making joint efforts for the smooth transition to a democratic society; restoring the reputation of the 4 June Incident, and terminate the one-party dictatorship; eliminating corruption and protecting fair competition; strengthening the legal system and guaranteeing the people's happy lives and peaceful and safe working and living conditions; striving for equality among all nationalities and realizing a high degree of autonomy in areas inhabited by minority nationalities."

Xu Wenli held that in order to realize the above-mentioned objectives and also to prevent social unrest, a better and more feasible way is to hold talks on the basis of equality between the CPC and various political forces on a smooth transition to a democratic society.

#### **Shanghai Dissident Yang Zhou To Conduct Own Appeal**

*HK2702140095 Hong Kong AFP in English 1230 GMT 27 Feb 95*

[FBIS Transcribed Text] Shanghai, Feb 27 (AFP)—Shanghai dissident Yang Zhou's appeal of a three-year sentence in a re-education camp began Monday with no lawyer or family member present, his wife said.

Li Guoping had tried to have her husband's hearing postponed to give Yang's lawyer time to familiarise himself with the case, but her request was turned down. At the same time, Li said the site of the hearing was

switched at the last minute to Dafeng in Jiangsu Province, some 10 hours by road from Shanghai, making it impossible for the lawyer—or any of Yang's supporters—to attend.

"Yang Zhou's case began today with no relatives, friends, or lawyer in court," Li said, adding that she had no way of finding out what the outcome of the hearing was.

Yang, the spokesman of the Shanghai-based Chinese Human Rights Association, was one of four Shanghai dissidents arrested in a police sweep in May and June last year. Charged with publishing reactionary materials and stirring public unrest, he was sentenced without trial in October to three years in a re-education camp. Under Chinese law, the police authorities are permitted to hand down such a sentence without going to court.

Although Yang submitted his appeal against the police sentence in January, Li said she was only informed of the hearing on Wednesday. By not agreeing to a postponement of the hearing, the authorities had robbed her husband of his rights to proper legal representation, she said, adding: "If they make a judgement, it will be void and not at all normal."

#### **State Honor Granted to 'Garmaba Living Buddha'**

*OW2702103695 Beijing XINHUA in English 0802 GMT 27 Feb 95*

[FBIS Transcribed Text] Lhasa, February 27 (XINHUA)—The 17th Garmaba living Buddha received an horizontal inscribed board from the Bureau of Religious Affairs under the State Council of China Saturday [25 February] in the Tsurphu Monastery, northwest of the capital city of Tibet.

The board, three meters long and one meter wide, read: "Our Solemn Land," which has been inscribed in both Chinese and Tibetan Characters.

The ceremony was to commemorate the 17th Garmaba living Buddha's ascendancy to the holy throne in 1992.

Last year, the buddha, now 11 years old, was warmly received by President Jiang Zemin and other senior leaders of the country last October when he attended the national day celebrations in Beijing.

The ceremony on Saturday was also held to mark the completion of the living Buddha's study of elementary Buddha classics.

#### **CPC Organization Director Inspects Hubei Rural Areas**

*HK2802020295 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 20 Feb 95*

[FBIS Translated Excerpt] Zhang Quangjing, director of the CPC Central Committee's Organization Department, recently inspected Hubei's work on strengthening

rural grass-roots party organizations. During the inspection, he stressed the need to strengthen rural grass-roots party organizations in a down-to-earth manner, profoundly, carefully, and solidly. Accompanied by Yang Yongliang, deputy secretary of the provincial party committee, Zhang Quanjin went to the cities of Qianjiang and Tianmen for inspections. In Qianjiang's Xingfu village and Tianmen's Jiankang and Chewan villages, he visited peasant homes and enterprises, and held talks with peasant party members on rural party organizations and economic development. [passage omitted]

Zhang Quanjin fully confirmed the achievements of the Xingfu, Jiankang, and Chewan village party organizations in helping the masses develop their economies and build common prosperity. [passage omitted]

Zhang Quanjin pointed out: The Fourth Plenary Session of the 14th CPC Central Committee set out explicit demands on strengthening party building in this new period, thus providing a clear orientation for party building. An important point now is to fulfill these demands and produce results. By relying on the efforts of the higher authorities and the lower levels, we must fulfill the party Central Committee's demand on rectifying weak, lax, and paralyzed rural party organizations within three years so as to provide a powerful guarantee for faster economic development and all other undertakings.

Zhang Quanjin set out the following requirements for improving rural grass-roots party organizations: We must fully understand the importance of strengthening and improving rural grass-roots party organizations; we must treat the strengthening of rural grass-roots party organizations from the angle of development and stability; we must handle correctly the relationship between economic construction and party building, and carry out party building for economic construction; we must handle correctly the relationship between departments' and the entire party's management; party committees must take party building as an important topic on their agenda; and party-member leading cadres in government departments also must engage in party building. [passage omitted]

#### Beijing Holds National Forum on Women Cadres

OW2802061895 Beijing XINHUA Domestic Service in Chinese 0803 GMT 22 Feb 95

[By Central People's Broadcasting Station reporter Zhu Xiongchao (6175 7160 3390) and XINHUA reporter Chen Yan (7115 7159)]

[FBIS Translated Text] Beijing, 22 Feb (XINHUA)—According to a national discussion meeting on selecting women cadres and recruiting women party members being held in Beijing, China will achieve a new breakthrough in its work to select excellent women cadres. By the end of the century, there must be at least one woman cadre appointed to the party and government leading

groups of every province, autonomous region, and municipality; woman cadres will be appointed to the leading groups of the central authorities' offices, state organs, ministries, and commissions whenever and wherever possible; at least one woman cadre must be appointed to the party and government leading groups at the prefecture (city), county, and township (town) level, while efforts will be made to realize the appointment of two woman cadres to the party and government leading groups at the above mentioned two levels; and an appropriate number of woman cadres should assume leadership at the departments, trades, and professions that have a comparative concentration of woman staffers and workers. The number of newly recruited women party members shall be increased by 2 to 3 percentage points on the basis of the current annual ratio—19.2 percent—they capture among the total number of newly recruited party members.

The discussion meeting was jointly sponsored by the CPC Central Committee's Organization Department [CPCCCOD] and the All-China Women's Federation [ACWF] for the purposes of summing up the situation of the work to train and select women cadres and exchanging experiences gained in conducting the work; studying and discussing the new situations and problems cropping up in the work to train and select woman cadres and recruit woman party members under the conditions of establishing a socialist market economic system; and mapping out a plan for training and selecting woman cadres and recruiting woman party members for a certain period of time to come. Chen Muhua, National People's Congress Standing Committee vice chairman and ACWF president, and CPCCCOD Director Zhang Quanjin separately delivered a speech at the meeting.

During her speech, Chen Muhua pointed out: In recent years, China made gratifying progress in training and selecting women cadres. The contingent of women cadres has continued to expand. The number of women cadres among leading groups at all levels has increased year by year and the social environment for women cadres to become well experienced and mature has improved day by day. By the end of 1993, the number of women cadres exceeded 11.89 million, accounting for 32.16 percent of the total number of cadres in China. The figure showed an increase of 2.24 million women cadres, or 2 percentage points, over that of five years ago. A large number of women cadres took up leading posts at various levels. There were some 38,000 women cadres at and above the county and section levels in administrative institutions nationwide, accounting for 9.56 percent of the total number of cadres at the corresponding levels, or 1.6 percentage points more than that of five years ago. In 1994, many women cadres were again promoted to leading cadres at various levels. Chen Muhua emphasized: The Chinese Government's report on implementing the "Nairobi strategy" explicitly points out: "The goal for China's action from now on is to ensure that one or more women cadres be appointed to leading bodies at all levels so they can represent women's special

interests and demands and can exert influence on adopting policy decisions on women's equal status as men and women's development." This is a pledge the Chinese Government has promised to undertake. The achievement of this goal is the responsibility of governments and party organizations, as well as women's federations. Women's federations at all levels should actively help party committees' organization departments ensure a good job of their work.

During his speech, Zhang Qianjing said: Attaching importance to training and selecting women cadres and developing women party members are the party's fine traditions fostered under the guidance of the Marxist view on women. At present, and for some time to come, we should proceed from the overall situation of the party's general tasks in further emancipating our minds, changing our mindsets, and striving to push to a new level the work of training and selecting women cadres and developing women party members on the basis of what we have achieved so far.

Urging party committees' organization departments at all levels to conscientiously implement the goal set by the current meeting, Zhang Qianjing said: We should give priority to selecting women when candidates have the same qualifications; broaden our vision of discerning talented people by opening up all channels for selecting talents; step up the effort to select and replenish women cadres among the ranks of reserve cadres, seeing to it that there is always a certain number of women cadres in reserve cadres at all levels; intensify the building of the contingent of grass-roots women cadres and expand the source of women cadres; step up the effort to recruit women party members from a long outstanding women from the grass roots; and energetically publicize the great importance of training and selecting women cadres and developing women party members so as to gradually foster a civilized and progressive view on women in the whole society, thereby creating a favorable environment for large numbers of women cadres to show their ability and women party members to grow to maturity. In conclusion, he said: All localities and departments should draw up plans for training and selecting women cadres in accordance with the central authorities' overall arrangements for party building and the requirements set by the current meeting. And in light of the reality in each locality or department; and should make suggestions for implementing such plans in stages.

Senior officials from all provincial, autonomous regional, and municipal party committees' organization departments; women's federations; the relevant central and state departments, ministries, and commissions; mass organizations concerned; the Liberation Army General Political Department; and the Armed Police headquarters attended the meeting.

#### **Economic Reform Improves Status of Women**

OW2702034295 Beijing XINHUA in English 0331  
GMT 27 Feb 95

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—Wives in over half of all Chinese families share

decision-making power with their husbands on family issues such as making investments and loans.

Latest statistics show that in cities and towns where people are more liberated from the traditional ideas, two thirds of the families make decisions on family issues with husband and wife both involved. This ratio is 12.3 percent higher than that of the rural families.

Families in which the women decide what to spend number 10.4 percent more than those in which men do. The position of "family finance minister" is more likely to be held by women.

Since New China was founded in 1949, the Chinese women, who had been prevented from going out to work for thousands of years, have been able to work outside the house and enjoy the right of "equal pay for equal work" under the protection of the constitution.

Among the 14 million self-employed in the Chinese countryside, about one third are women.

More and more women from rural areas are taking part in the service trades and other types farm work rather than simply growing crops since China started its reform and opening-up to the outside world in the late 1970s.

In regions with advanced commodity economies, one out of every two farmers who are now doing business is woman. Some 50 percent to 60 percent of the gross agricultural product is produced by female farmers.

China now has 56 million female workers, or 38 percent of its total workforce.

The employment rate of women in cities and towns was higher than that of men every year from 1979 to 1988. The number of women at work increased by an average of 4.9 percent annually during the same period, while the average increase rate for all workers in the country was 1.27 percent annually.

Comparing the occupation structure of women in 1988 with that in 1982, the fastest increase rate for women appeared in finance, insurance, real estate, public service, catering and storage trades, and in government organs and other organizations.

Meanwhile, the number of women employed in the construction industry has declined.

Almost 10 million female workers received academic or technical training during the above-mentioned period. China now boasts 5.44 million more women technicians than before, and the increase has been double that of male technicians.

The number of women scientific and technological workers has surpassed eight million, which means that of all Chinese scientific and technological staffers, at least one third are women.



The the Ministry of Labor is now working to experiment with how to better protect women's labor interests and equal opportunity for competition.

According to the ministry, China is expected to establish maternity insurance virtually nationwide by the year 2000, so that the the burden will be more evenly balanced instead of falling upon employers.

#### **Beijing Prepares for 4th World Conference of Women**

OW2802092895 Beijing XINHUA in English 0854 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Although the Fourth World Conference of Women is still some six months away, it is already a hot topic in this Chinese capital, the host.

The Beijing Television Station has started a special program, the "Beijing Daily" has initiated a women's column, the "Beijing Evening News" is running its "Woman's World and the Family" column, and the Beijing Radio Station is operating its "Women's Hotline" and "Metropolitan Life", all aimed at making people aware of the significance of the conference to be held in September and promote the interests of women and children.

Women from all walks of life, including officials, judges and entrepreneurs, have established a number of associations to provide publicity for the conference.

In this connection, on the eve of March 8, the International Women's Day, about 10,000 women will join a "Toward Beijing" long-distance race.

The capital's Women's Federation has urged all females working in commerce and trade, tourism, communications and public health fields to strive to construct a better atmosphere for the conference.

The Beijing Marriage and Family Research Society has opened courses on courting, relations between newlyweds, the relations between husband and wife, marriages between seniors and divorce.

Meanwhile, an illustrated book on marriage and the family has been published, and a journal called "Outstanding Chinese Women" is expected to be published in the near future.

#### **Over-Expansion of Higher Education Curbed**

HK2802085995 Beijing CHINA DAILY in English 28 Feb 95 p 1

[State Curbs Enrollment in Higher Education"]

[FBIS Transcribed Text] China has successfully curbed the national trend of over-expanding higher education, according to the State Education Commission.

In 1993 and 1992, the actual enrollments exceeded the government plans by 17.1 and 20.7 per cent respectively.

In 1994, the figure was less than 1 per cent over the plans.

This year, about half of the country's high school graduates will be enrolled by colleges and universities, China Education News reported yesterday.

The State Education Commission (SEC) has planned that this year colleges and universities will enroll 930,000 students, some 30,000 more than last year, according to the report.

The enrollment figure accounts for 49.2 per cent of this year's high school graduates, whose total is expected to drop by 30,000 from last year.

The over-expansion of previous years has caused some severe problems, such as an unfavourable structuring of higher, middle and primary education, degradation of educational and living facilities and insufficient funds, the report said.

SEC vowed to further strengthen the macro-control on the development of higher education and to impose severe punishment on schools expanding enrollment without permission.

Vice SEC Minister Zhang Tianbao said that the higher education development by the turn of the century should focus on improving educational quality rather than expanding enrollment and must keep pace with the country's overall educational development.

Some 2.8 million students are enrolled in about 1,000 colleges in China, 10.36 per cent more than the previous academic year.

The unexpected boom in college enrollment over the past few years was mainly attributed to the schools' eagerness to take more self- and enterprise-sponsored students in order to raise more funds.

#### **National Flood, Drought Control Meeting Held in Xian**

SK2802040195 Beijing XINHUA Domestic Service in Chinese 1518 GMT 27 Feb 95

[By reporter Wang Chunsheng (3769 2504 3932) and trainee Zhang Lianye (1728 6647 2814)]

[FBIS Translated Text] Xian, 27 Feb (XINHUA)—The national meeting of directors for flood prevention and drought control, which concluded in Xian yesterday, called for efforts to overcome the careless and try-your-luck mentality, and to carry out various flood prevention and drought control work in a down-to-earth manner with a view to preventing serious floods and combating serious drought.

Chen Junsheng, state councillor and head of the National General Headquarters for Flood Prevention

and Drought Control, wrote a letter to urge the meeting to earnestly summarize experiences and lessons; study measures to counter the problems emerging in flood prevention and drought control work; carry them out; make all preparations for this year's flood prevention and drought control work in a down-to-earth manner; and strive for new victory in this work.

The meeting reviewed last year's flood prevention and drought control work, and summarized the experiences and lessons as follows: Only when efforts are greatly intensified to build construction projects can we effectively prevent floods and control drought; the leadership's attention and endeavor to fully mobilize and organize the masses constitutes an important aspect of flood prevention and drought control work; the careless and try-your-luck mentality is the major enemy of flood prevention and drought control work; and all trades should greatly strengthen and never neglect flood prevention work.

According to an analysis by the PRC Meteorological Administration, the PRC may encounter serious floods and droughts this year. In view of this, the meeting put forward the demand for preventing serious floods and combating serious drought.

In flood prevention, the meeting called for particular efforts to succeed in the following work to counter existing problems. We should increase the work to repair flood-damaged facilities, to eliminate dangerous factors and reinforce facilities, and to dredge rivers and make sure all work is completed before the flood season; we should intensify inspections prior to the flood season, and should tackle hidden dangers in a timely manner; we should work out and implement the preliminary plan for preventing serious floods; we should strengthen flood prevention work in urban areas and in all trades; and we should take the overall situation into account and unite in combating floods.

The meeting particularly made arrangements for this year's flood prevention for seven major rivers. It urged: In the flood prevention of the seven major rivers, the priorities are to revise and implement the preliminary flood prevention plan, to build the key flood control projects, and to dredge rivers; success should be achieved. Construction of emergency communications facilities in floodwater storage areas and flood detention basins along Chang Jiang, Huang He, Hai He, and Huai He should be completed. In addition, for Chang Jiang, the flood diversion plan for Dongting Lake and the flood prevention information systems for the middle and lower reaches of the river should be established. For Huang He, emphasis should be placed on improving the plan for employing the floodwater storage areas, flood detention basins, beach areas, and the areas adjacent to Sanmenxia Reservoir; and success should be won in guarding the dangerous projects and dangerous sections. For Hai He, all plans for preventing catastrophic floods should be carried out one by one, with the focus on

protecting the two major cities of Beijing and Tianjin and important railway trunk lines. For Huai He, the emphasis is on encirclement of lakes, and establishment of the emergency rescue teams for Yi He, Shu He, and Si He should be completed. For Songhua Jiang and Liao He, the emphasis is on the flood prevention and control of Fengman and Baishan and the joint flood prevention for the mouths of three rivers. For Zhu Jiang, we should make particular efforts to repair flood-damaged facilities and reinforce dangerous reservoirs, and step up construction of the flood prevention projects in Nanning, Wuzhou, and Liuzhou. For Taihu Lake, we should focus on accelerating the construction of floodwater drainage projects on Taipu He and other rivers, and improve the management system for Taipu sluice gate.

In drought control, the meeting called for efforts, first, to combat spring drought. We should seize the opportune time before spring sowing to build farmland water conservancy facilities and repair reservoirs and ponds in order to expand water resources and increase water storage on the one hand, and to race against time to carry out spring irrigation and preserve soil moisture on the other hand to lay a good foundation for reaping a bumper harvest this year. Second, we should achieve success in the infrastructure for combating drought. 1) We should expedite the establishment of the drought control service systems. 2) We should extensively apply water-efficient irrigation technology to flood control. 3) We should improve the modern means of forecasting and reporting drought to report drought in an accurate and timely manner.

#### Article Urges Better Social Cultural Environment

HK2802110995 Beijing JINGJI RIBAO in Chinese 9 Feb 95 p 7

["Outsiders' Remarks" column article by Cong Xiyin (1783 6932 0603): "Let Us Create a Fine Socio-Cultural Environment"]

[FBIS Translated Text] Frankly speaking, though the "Liu Wei phenomenon" occurred in Heilongjiang, the same problem exists to varying degrees in many other parts of the country, only that the efficiency and quality of the handling of the case in Heilongjiang are not very common elsewhere! If one can see this point, one would not find it hard to understand why the series of follow-up reports published over the short space of 12 days or so have caused so much concern among the readers in the whole country. They telephoned in and they faxed in. Their emotional voices and their incisive comments have caused such a hubbub in this ordinary editorial department.

In my opinion, the reason that the "Liu Wei phenomenon" has been so agonizing is because it has exposed a deep problem which everybody knows about in today's context of reform and yet nobody has an easy solution to it, namely, the problem with the appointment of cadres.

On the cadre appointment issue, Yue Qifeng, secretary of Heilongjiang Provincial CPC Committee, once said: "Make more mental changes, make less personnel changes; if no mental changes are made, do make personnel changes."

At the Third (Enlarged) Plenary Session of the Seventh Heilongjiang Provincial CPC committee, Yue Qifeng emphasized: "We must establish the orientation of cadre appointment with an emphasis on their official performance and stimulate the broad ranks of cadres' enterprising spirit and enthusiasm and initiative in their work"; "in emphasizing performance of their duties, we must thoroughly do away with the outmoded conventions, bad customs, and unhealthy practices, such as demanding perfection, establishing a pecking order by seniority, trying to balance various relationships at the expense of principle, and appointing people through favoritism"; and "in our work on cadres, we must make a point of showing care, support, and protection toward reformers and those cadres who stand firmly by their principles. Even if such cadres are controversial and make mistakes, as long as they have done so out of consideration for the collective, their problems are ones that crop up in creative work and therefore they should be appointed boldly." "If we use someone with popular support, we will warm the hearts of many and mobilize their enthusiasm."

This year, at the provincial party committee and provincial government-sponsored New Year Discussion Meeting attended by experts and scholars from the propaganda and cultural organizations directly under the jurisdiction of the provincial authorities, secretary Yue Qifeng once again stressed: "To implement the new working approach set by the provincial party committee, the key problem now is the problem of cadre appointment. We must do a good job in appointing cadres and all capable persons, warm people's hearts, and mobilize the enthusiasm of all parties." The frankness and resoluteness of the leaders who are so open-minded and regard talent as precious as life are the key factor which explains why the "Liu Wei phenomenon" has been quickly resolved and a negative case turned into a positive one which will propel the reform process of the whole province.

Our country is going to introduce a professional entrepreneur system whereby enterprises are to be contracted to entrepreneurs for management. This is a natural result

of the development of the market economy. The period from now to the end of this century is a very crucial one for the convergence of our economy with the international economy. The bigger the social changes, the larger the number of new talented people required and the higher the demand on managers. The mental approach and managerial methodology of the managers today, which are still at a relatively low level of sophistication, will inevitably be eliminated by the market economy.

Many of us who have visited the south share the following feeling: We were moved by what we saw and we were inspired by what we heard but, once we got home, we could not move at all. Why? This is because we lack a sociocultural environment in which entrepreneurs, who act as a bridge between science and technology and the market, can "move." Only when a friendly sociocultural environment is created can entrepreneurs and managers in all fields improve their own quality, manage and operate their departments and enterprises in strict accordance with the laws governing the development of the market economy, and treasure and properly use talented people. Thereby, a powerful contingent of professional entrepreneurs can gradually come into being.

#### **\*China's Population Reaches 1.2 Billion**

95P30059A Beijing GONGREN RIBAO in Chinese 15 Feb 95 p 1

[FBIS Summary] On 15 February, China's population reached the 1.2 billion mark according to China's State Statistical Bureau. The figure does not include Taiwan, Hong Kong, and Macao. To mark the event, nine government bodies, including the State Family Planning Commission, State Planning Commission, State Statistical Bureau, and State Environmental Protection Bureau held a "China 1.2 Billion Population Day" meeting on 14 February in Beijing. In his remarks at the meeting, Vice Premier Zou Jiahua said: Although the attainment of a population of 1.2 billion represents a certain level of accomplishment in population control, it also strikes a warning note for our family planning work. He emphasized that China's population outlook is "not optimistic" and that family planning work "remains very arduous." A baseline population of 1.2 billion still means that the annual total number of births will be very high and that family planning, population control, and raising the caliber of the population (meaning the cultural and educational level of the population) remains a difficult and urgent task for the party and the entire nation.



### General

#### Zou Jiahua Vows To Strengthen Price Supervision

OW2702144895 Beijing XINHUA in English 1344  
GMT 27 Feb 95

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—A high official today called on price control organizations to tighten their supervisory work in order to curb inflation.

"Price control organizations at all levels should make every effort to check on cases of arbitrary prices hikes and illegally charges," said vice-premier Zou Jiahua, at a working conference on price inspection that closed today, explaining that price control can play an important role in curbing inflation.

He also urged local governments across the country to pay more attention to checking on prices, noting that while China's economy and reforms are gaining momentum, there are still some problems in the economy.

"The largest headache at present is the pressure of inflation," he said.

Minister of the State Planning Commission Chen Jinhua delivered a similar speech at the conference, saying that the most important thing at present is to put state measures and policies on price control into effect, and added that price reforms will be further applied.

Statistics show that the retail price index in China has been dropping for the last three months.

#### Li Tieying Speaks on Social Security Reform

HK2702101295 Wuhan Hubei People's Radio Network  
in Mandarin 1000 GMT 23 Feb 95

[FBIS Translated Text] Today, Li Tieying, state councillor and minister of the State Commission for Restructuring the Economy, pointed out while addressing a training class hosted by the commission in Wuhan for deepening reform of the enterprise workers' endowment insurance system: The reform of the social security system is one of the key points for deepening economic restructuring and establishing a socialist market economic system. Party committees and governments at all levels must treat this reform as an important matter and pay close attention to it.

It is understood that the reform of the endowment insurance system in our country will be accomplished in three years. This year, the first phase of experiment will be carried out in over 60 prefectures and cities in 26 provinces and regions of our country.

Li Tieying pointed out: The reform of the social security system touches every aspect and is extremely difficult, but the present opportunity is also hard to come by. The fact that China's economy has been developing in a sustained, rapid, and healthy way is a rare chance to

expedite the implementation of economic restructuring and the establishment of the socialist market economy. On the other hand, rapid economic development definitely calls for corresponding perfection in the social security system. Since the CPC Central Committee and the State Council have great resolve to accomplish this reform and the broad masses have a much stronger ability to sustaining reform, solid foundations have been laid for vigorously expediting the reform of the social security system.

Li Tieying pointed out that to establish and perfect a social security system, we must accomplish several types of work: First, we must establish a unified social security administrative system that incorporates fund-operating organizations running different types of insurance and scattered over several departments into an integrated, crack legal social security fund-operating organization that is not subject to any administrative department and is independent in its operation. Moreover, we must set up social security supervisory groups. Second, we must integrate social planning with individual efforts. This is a form of incentive that encourages laborers to pursue a happy life in their remaining years on the basis of diligent work and self-accumulation. Third, we must improve the administration of social security funds to preserve and increase their value. In this regard, we must make efforts to accomplish three types of work; that is, the collection and payment of social security funds and their operation should be standardized and systematized, social security funds should be included in the state budget administration, and under the precondition of guaranteed payment, most of the social security funds accumulated at present should be invested in state-issued bonds.

Li Tieying stressed: Old-age pension is money to be spent by policy holders, and it is important to manage and use it properly and preserve and increase its value. It is owned by policyholders rather than enterprises or administrative departments, so administrators cannot misappropriate it. Operating it according to law and under a stringent and effective supervisory and administrative system is an important duty of governments at all levels.

Li Tieying said: The social security system must be supported by speedier legislation. At present, we must pay close attention to studying and formulating urban workers' endowment insurance regulations, unemployment insurance regulations, industrial and commercial insurance regulations, medical insurance regulations, and regulations on the administration of tuition fee insurance funds; and we must lay the foundation for making further efforts to draw up the Social Security Law. Laws and regulations must also be instituted for social welfare, social relief, and the placement of family members of revolutionary martyrs and servicemen, and efforts should be made step by step to guarantee that there are laws and rules to follow regarding the social security system.

To accomplish the reform of the social security system, Li Tieying urged leading comrades at all levels, leading comrades of city governments in particular, and comrades engaging in this reform to conscientiously study and thoroughly grasp the spirit of the central authorities and to have a genuine understanding of the aim, meaning, target, and principle of the reform of the social security system. He urged departments to accomplish this reform by acting in unison and cooperating closely with each other.

Provincial and city leaders Qian Yunlu, deputy provincial party secretary and party secretary of Wuhan City, and Li Daqiang, member of the provincial party committee standing committee and vice governor, attended the meeting today. Those taking part in the training class were relevant persons in charge of commissions for restructuring the economy, departments of labor, personnel, finance, and social security bureaus.

#### Li on Care For Elderly, Unemployed

OW2502155095 Beijing XINHUA in English 1521 GMT 25 Feb 95

[FBIS Transcribed Text] Wuhan, February 25 (XINHUA)—China will make great efforts to establish a basic framework of social security to care for the old, the unemployed and those injured on duty by the turn of the century, a senior government official said.

Li Tieying, minister in charge of the State Commission for Restructuring the Economy, made the remarks at a seminar, which is in progress here to draft plans to reform the country's social security system.

Efforts should be made in accordance with local situations so that the framework will by and large be formed in the country by the year 2000.

He noted that although the reform is difficult and complicated, there are good opportunities now to promote the reform as China's economy has been growing continuously for the past 16 years in addition to the public's understanding and support for the social security reform.

"In comply with the reforms carried out in state-owned enterprises, we should promote the pension insurance system as a leading task of the social security reform," he said.

Apart from the pension insurance system, the social security reforms will include the establishment of insurance systems involving unemployment, injuries on duty and medicare.

He said that the pension system reform will combine government- subsidy with individual's personal account, which, he said, will encourage the individual to work hard for his future happiness.

He urged local officials to establish a strict management system of the social security fund, which will be jointly raised by the government, enterprises and the individual.

In addition, he called on the formulations of regulations governing the social security reforms and a unified social security management mechanism.

#### Measures To Be Adopted To Alleviate Unemployment

HK2602071995 Beijing ZHONGGUO XINWEN SHE in English 0249 GMT 25 Feb 95

[FBIS Transcribed Text] Beijing, February 25 (CNS)—China's Ministry of Labour reveals that China has worked out five measures to alleviate its unemployment burden. Content of the details are as follows:

First, the current unemployment insurance system will be improved and a "re-employment scheme" will be implemented. The unemployment insurance system will be made to gradually cover all staff and workers across the country with its funds to be reasonably shouldered by the State, work units and individuals. The scheme will combine unemployment relief with re-employment and will be carried out in a compulsory way through legislation by the State. In order to promote the re-employment scheme, measures such as service of employment agencies, vocational guidance, training for finding work and encouraging self-sufficiency will be adopted in the country.

Second, floating of rural surplus labour across regions will be directed in an orderly way.

Third, in order to strengthen control over the labour market and keep abreast of new developments of labour resources and demand and supply of labour on markets, an unemployment forecasting system will be established.

Fourth, the country will expand the scope of employment and enlarge capacity of employment through promotion of economic development. In addition, China will strive to widen channels for seeking jobs overseas.

Fifth, urban labour force will be all included into labour markets while rural labour will be gradually directed into markets, enabling enterprises to independently choose employees and employees to select employers in the same way.

#### Wang Zhongyu on Economic Goals for '95

OW2702144495 Beijing BEIJING REVIEW in English No 8, 20-26 Feb 95 pp 8-12

[Article by Minister of the State Economic and Trade Commission Wang Zhongyu: "China's Economy: Review and Prospects"]

[FBIS Transcribed Text] In 1994, China maintained a good trend of economic development, while at the same time expediting the establishment of a socialist market economic structure. This year, the Chinese government faces even more arduous tasks in economic reform.

### 1994 in Retrospect

In 1994, the Chinese government carried out reform of its fiscal, taxation, financial, foreign exchange, foreign trade, investment, pricing and circulation systems, with all major reform measures proceeding smoothly. The Chinese government also recorded notable achievements in its effort to strengthen macro-control and the comprehensive coordination of the operation of the national economy. Based on the rapid growth recorded in the previous two years, the national economy registered growth of more than 11 percent on 1993. State-owned industrial enterprises gradually improved production and management, and the decision-making power granted to enterprises was further materialized. Despite serious natural disasters, the agricultural sector reaped bumper harvests. The rapid growth of investment in fixed assets declined somewhat, the domestic market remained brisk, and import and export trade and foreign investment continued an upward spiral.

**Enterprise Reform.** In order to deepen enterprise reform, relevant economic departments formulated reform plans in early 1994 to further expand decision-making power granted to enterprises and strengthen their status as the main body of market competition. The new enterprise accounting system operated normally, and the effort to evaluate the property and check up the capital of state-owned enterprises was implemented, with 10,000 large and medium-sized enterprises basically completing property evaluations. Pilot projects for the establishment of a modern enterprise system were launched on the basis of comprehensive preparations of relevant departments under the State Council and various localities. All of the aforementioned efforts were important preparations for deepening the reform of state-owned enterprises in 1995.

In 1994, state-owned enterprises strengthened management and efforts to convert losses and increase profits. In the first 11 months of the year, the output value of state-owned industrial enterprises under the state budget rose 5.2 percent on the previous year's period. They also registered a 17.6 percent rise in profits and tax payments, with a 23 percent increase in tax payments and a 6.7 percent increase in profits. The growth of losses sustained by enterprises dropped from 79.7 percent in the first quarter to 27.6 percent by the end of November, with the proportion of loss-making enterprises declining by 8.2 percentage points to 41.4 percent.

In 1994, relevant economic departments invested 300 billion yuan to upgrade the technology of existing enterprises, a rise of 36.8 percent on the previous year. Noticeable results were achieved in the project to revamp the China Hualu Video Recorder Group and expansion of the ethylene project at the Yanshan Petrochemical Co.

**Monitoring the Operation of New Systems.** Responsible economic departments closely followed and monitored the operations of various reform measures advanced by

the Chinese government, and offered opinions and suggestions to help resolve problems emerging during the course of implementation. For example, most problems related to the operation of the new taxation system have been appropriately handled, thereby ensuring the smooth progress of the reform of fiscal and taxation systems and promoting the growth of both production and financial income.

**Expediting Market Construction.** Given the disorder emerging in the field of circulation since 1994, economic departments at all levels have actively participated in reform of the circulation system for commodities such as grain, cotton and refined oil, and have initially rectified the order in the circulation and pricing of important commodities and materials. They have ferreted out and confiscated large batches of counterfeit and shoddy products, coordinated the production and marketing of some important commodities in a timely manner, in addition to submitting opinions on regulating the import and export of staple goods and the development of chain shops and comprehensive trading companies. The combined efforts have helped link production with circulation and domestic trade with foreign trade. Meanwhile, an increasing number of enterprises have been granted autonomy to handle imports and exports, with the number of industrial enterprises granted such rights exceeding 2,400, and the number of enterprises involved in commodity circulation rising to 131. The composition of export commodities has improved, with the proportion of machinery and electronic products rising steadily. The past year also witnessed the opening of more trading ports to the outside world.

**Coordinating Economic Operations.** For various reasons, China's economic operations continue to face numerous contradictions and great difficulty. However, relevant departments have effectively extended great effort to ensure the normal operation of the national economy. For example, they have coordinated and resolved problems related to price differences for coal and electricity in north, northeast and northwest China. In order to overcome shortages of raw materials for the textile industry, they have resorted to measures such as using reserved cotton, increasing imports and limiting the production of cotton yarn. They have also helped solve the problem of sluggish sales of domestically produced crude and refined oil and the suspension and reduction of production in some oilfields resulting from excessive oil imports.

**Strengthening Legal Construction.** Economic departments at all levels have attached great importance to economic legislation. Last year, the State Economic and Trade Commission alone drafted 26 regulations and laws, 19 of which have either been issued or submitted to the higher authorities. The commission also joined other departments in drafting 17 additional regulations and laws.



### 1995 Economic Work

Curtailing inflation is a prime task in the Chinese government's economic work during 1995. Priority will also be placed on deepening the reform of state-owned enterprises, improving economic operational environment, and enhancing the quality and efficiency of economic growth.

**Stemming Inflation.** Since March 1993, China's inflation rate has remained in the double digits due to the rapid growth of investments in fixed assets and consumption funds and the excessive issuance of bank notes in recent years, the inadequate supply of farm and sideline products as a result of serious natural disasters in 1994, as well as disorder in commodity circulation and non-standard market behavior. To curb inflation, the State Council has adopted numerous important measures since 1993. This year, inflation is expected to ease as the factors related to the state regulation of prices will be reduced and the overall demand will remain under control. Nonetheless, commodity prices are expected to come up further. The Chinese government will adopt the following measures to stem inflation:

- Rendering energetic support to the development of the rural economy in order to ensure the effective supply of principal farm and sideline products. Relevant departments will be mobilized to raise the production level of chemical fertilizers, farm chemicals, diesel fuel, farm machinery and tools and other marketable products for farm production, while at the same time ensuring supply in the proper season, and creating favorable conditions for farm production in terms of capital, electric power and transport.
- Continuing to monitor and control the scale of investment in fixed assets and striving to improve the structure and efficiency of investment.
- Guiding enterprises to lower production costs, enhance their capacity for market competition, increase capital accumulation and supplements to production and operational funds, and curb excessive growth of consumption fund.
- Continuing reform in the circulation system and lowering related costs. Emphasis will be placed on basically stabilizing prices for principal farm produce and agricultural capital goods such as grain, edible oil, cotton, pork, vegetables and chemical fertilizers. The Anti-Monopoly Law will be drafted in earnest, and the rectification of market order will continue.
- Further expanding the reserve system for important commodities. Economic reform in 1995 will center on deepening the reform of state-owned enterprises. The main tasks of the reform for the year, with separating the functions of the government and enterprises as the central link, will include further transferring the operational mechanisms of enterprises, establishing a modern enterprise system, transforming state-owned enterprises into legal entities which represent the main

body of market competition and are able to exercise independent management, assume responsibility for their own profits and losses, and have the ability to seek self-development and self-restraint. The overall effort will lay a solid foundation for the establishment of a socialist market economic structure.

Concrete measures to be adopted include:

- Separating the government's functions for social economic management and management of state-owned assets, separating the functions of supervising and managing state-owned assets from the operations of state-owned assets, and establishing a new management and operational system for state-owned assets. The ownership of investors and the property rights of enterprises as legal entities will be separated, and pilot projects for the establishment of a corporate system will proceed in a standard manner.
- Expediting the implementation of the measures concerning the bankruptcy, merger and reorganization of enterprises in order to achieve the rational distribution of state-owned assets. Key enterprises which have a close bearing on the national economy and the livelihood of the people will be developed steadily by introducing measures such as transferring their operational mechanisms, creating new systems, readjusting debt structures, establishing enterprise groups and absorbing foreign investments.
- Readjusting the debt structure of enterprises, increasing the production and operational capital of enterprises, and relieving enterprises from the irrational historical debt burden.
- Along with the effort to establish a social security system, appropriate arrangements will be made for redundant workers and social burdens on enterprises will be reduced.

**Improving the Environment for Economic Operation.** The government macro-control target for economic growth in 1995 is 8-9 percent. The Chinese government will continue to strengthen macro-control and the comprehensive coordination of the operations of the national economy.

The country's market is expected to develop steadily in 1995, and the microenvironment for economic operations continue to improve. Nevertheless, problems related to the market, product mix and capital will retain their prominence, and the environment for economic operations will remain harsh. On the one hand, investments in fixed assets will remain strong; market demand for capital goods is expected to rise; demand and market consumption will grow correspondingly with the increased income of urban and rural residents; foreign trade will maintain a relatively high growth rate; and, in general, state-owned enterprises will improve production and management, while increasing economic returns. On the other hand, the supply of most industrial

consumer goods will continue to outstrip demand and effective supply will remain relatively inadequate; the irrational product mix will result in surplus stocks of many products; the capital shortage will linger and capital circulation will be sluggish; and the short supply of raw materials in some sectors will adversely affect the operations of the national economy.

To resolve problems related to economic operations, responsible economic departments will adopt various effective measures, including: Appropriately handling problems emerging during the readjustment of the industrial structure and the organizational structure of enterprises, particularly making appropriate arrangements for employees of bankrupt enterprises; actively organizing the production of marketable products and increasing effective supply; energetically expanding exports; strengthening the supervision and regulation of important import commodities; and effectively coordinating the supply and demand of chemical fertilizers, cotton and other important commodities.

#### **Vice Minister Interviewed on Enterprise Reform**

HK2802032895 Beijing ZHONGGUO ZHENGQUAN  
BAO in Chinese 8 Feb 95 p1, 4

[Interview with Chen Qingtai, vice minister of the State Economic and Trade Commission, by staff reporter Duan Wen (3008 2429); place and date not given. From the "Interview With Ministers" column: "Do a Good Job in the Important Work of Enterprise Reform—Interview With Chen Qingtai, Vice Minister of the State Economic and Trade Commission"]

[FBIS Translated Text] Enterprise reform is the most important of the entire reform in 1995. Therefore, it has attracted the attention of all. At the beginning of the new year, this reporter had an interview on the reform with Chen Qingtai, vice minister of the State Economic and Trade Commission.

Chen Qingtai said: Enterprises are the main body of market competition, and are the landing point of state macroregulation and control. A large number of problems in the course of reform and development have been reflected directly in enterprises. The work for enterprises has a direct bearing on reform, development, and social stability. Besides, fundamentally speaking, various measures of reform and of macroregulation and control are aimed at increasing the vigor of enterprises and at improving their economic results. Therefore, the work for enterprises is always the focus of the work of the economic and trade system.

Looking back at 1994, Chen Qingtai thought that the work over the past year has made important preparations for further carrying out the reform of state-owned enterprises at a deeper level this year. The year 1994 was an important one, in which China accelerated the establishment of the socialist market economy structure. Important reform measures in finance, taxation,

banking, foreign exchange, foreign trade, investment, pricing, and circulation were adopted smoothly, as scheduled. At the same time, we made important readjustments in our train of thought on improving state-owned enterprises, and pushed forward the "Changing Mechanism, Building a Modern System, 10,000, 1,000, 100, and 10" Plan. Last year, we made progress to varying degrees in all aspects of the plan. All procedures for implementing the "Regulations on Changing Mechanism" in a coordinated manner were published. The new enterprise finance and accounting system basically operated normally. The work to clarify the assets and verify the capital of state-owned enterprises was carried out progressively. The work to clarify the assets of 10,000 large and medium-sized enterprises was basically completed. The appointment of members of supervising committees to 1,000 state-owned enterprises was prepared energetically. In particular, the work to carry out experiments on "optimizing capital structure" at selected points in several cities progressed gradually. The work to carry out experiments at selected points on the establishment of a modern enterprise system entered the implementation stage. All this has made important preparations for further carrying out the reform of state-owned enterprises at a deeper level this year.

Chen Qingtai said: Enterprise reform in China has become a pressing task in the reform of the economic structure, and there are many favorable conditions for it. We must seize the opportunity to accelerate enterprise reform. In addition, some contradictions we meet with in deepening the enterprise reform are contradictions at a deeper level, and the problems we need to solve are key and difficult ones. Therefore, we must do a good job in tackling difficult problems. At present, we must focus our efforts on experiments at selected points, pay attention to coordination, and strive to make breakthroughs.

Chen Qingtai pointed out: To do a good job in tackling difficult problems, we must grasp the separation of government administration from enterprise management, strengthen the internal management of enterprises, gradually establish three crucial links of social insurance, and properly combine several aspects as follows:

—The combination of making breakthroughs at key points and pushing forward the whole. In making breakthroughs at key points, we should grasp mainly the experiments on the establishment of a modern enterprise system in 100 enterprises, the experiments on "optimizing the capital structure" of 18 cities, the experiments of 56 enterprise groups, and the experiments of three holding companies, taking as our target the cultivation and development of a number of large backbone enterprises or enterprise groups with relatively strong competitive power in the domestic and foreign markets. Experiments at selected points should create and accumulate experience for the enterprise reform in general. Pushing forward the whole means properly grasping the reform of enterprises in

general, and comprehensively organizing the implementation of plans and views on improving large and medium-sized state-owned enterprises. We should continue to implement "The Enterprise Law," "The Company Law," "The Labor Law," "The Regulations on Changing Mechanism," "The Regulation on Supervision," and so on. First, we should select a number of large state-owned enterprises to carry out experiments in setting up state supervision committees; gradually increase the number of such enterprises to 1,000; and gradually establish the restriction, boosting, and elimination mechanism, and the mechanism for the flow of enterprise property rights. We also should standardize existing joint-stock companies, and listed companies in particular.

The combination of changing systems, reorganization, and transformation with strengthening management. By means of such combination, we should make structural and strategic arrangements, earnestly push forward the building of a modern enterprise system, and enhance the strength of the entire state-owned economy. Enterprises selected as points for experimentation on the company system must follow strictly the requirements of "The Company Law," ensure the property rights of legal persons, establish a new structure of management by legal persons, and strengthen enterprise operation and management on the basis of the new mechanism. In accordance with state industrial policies and technical transformation plans, the work of experiments at selected points should be organically combined with the strategic readjustment of the industrial structure, and with the technical progress of enterprises. In making plans for changing systems, enterprises selected as points for experimentation should take into consideration the demands of optimization, reorganization, and development of respective trades, and should work out plans and measures for technical transformation. They should simultaneously blaze new trails in systems, management, and technology. The 100 enterprises selected for experimentation on a modern enterprise system, and the high-tech and high-level backbone enterprises in 18 cities should regard their superior products as the focus for technical transformation next year. They should make proper plans and arrangements in this respect, in combination with the change in system and reorganization, and should earnestly organize the implementation of these plans and arrangements. Focusing on the readjustment of structure, efforts should be concentrated on helping a number of enterprises with strong points to implement the strategy of setting up large companies and large groups. Some enterprises that have development difficulties "should be closed down, should stop production, should be emerged with other enterprises, should be changed to produce other products, should be contracted for production, should be leased, should declare bankruptcy, or should be sold" in order to bring about a strategic transfer of state-owned assets and to improve the quality of the state-owned economy.

—The combination of enterprise reform with supplementary reforms. Under market economy conditions, state-owned enterprises should establish a strong sense of crisis, reform, and development—a sense that there is no way out for them without implementing reform. In addition, supplementary social reforms should not lag behind. Supplementary reforms this year should stress promoting changes in government functions and the establishment of a new social insurance structure that is in keeping with our national conditions and the level of economic development at the present stage in China and that mainly provides pension and unemployment insurance. We should properly grasp the formulation and coordination of 12 supplementary documents for the establishment of a modern enterprise system, and should promulgate the completed ones first.

Chen Qingtai pointed out: While doing a good job in enterprise reform, we should make great efforts to strengthen enterprise management and comprehensively improve enterprise quality. In addition, we should pay great attention to changing money-losing enterprises into profit-making ones, promoting enterprises' technical progress, increasing input into technical transformation, and earnestly grasping quality control.

#### Minister Hu Views Electronics Industry

OW2702145895 Beijing BEIJING REVIEW in English  
No 8, 20-26 Feb 95 pp 12-17

[Article by staff reporter Li Ning: "Minister Hu Calls for Modern Electronic Information Processing Industry"]

[FBIS Transcribed Text] China's electronics industry has made great progress in recent years. During the middle and late 1990s, the industry is expected to play a still greater role in developing the information processing sector of the national economy.

Speaking at the National Electronics Industry Working Conference held earlier this year, Hu Qili, minister of the electronics industry, called on the entire sector to actively adjust its industrial structure and strive to construct a modern electronic information processing industry in China.

#### Rapid Development

Minister Hu reviewed the industry's reform and development over the past year.

In 1994, the electronics industry fulfilled its targeted industrial output value of 185.9 billion yuan, up 31 percent, while its sales income hit 125 billion yuan, a 22.6 percent increase. The industry earned 10.5 billion yuan in profits and tax payments representing a 29 percent rise, with profits of 5.5 billion yuan, constituting a 27.8 percent increase.

The industry made rapid progress in the use of foreign funds and participation in international cooperation,



and its export volume experienced continued rapid growth. By 1994, the electronics industry had a total negotiated value of US\$7 billion in foreign capital, with over US\$4 billion actually allocated. The sector currently has 8,000 foreign-funded enterprises. According to 1994 customs statistics, the export value of electronic products reached US\$11 billion, up 35.6 percent over the previous year, with the figure accounting for 11 percent of the nation's total value of exports, and 40 percent of the total value of machinery and electronic exports.

In 1994, the electronics industry completed 239 technical upgrades, including 18 large and medium-sized projects, with total investments in capital construction standing at 4.4 billion yuan. Technical transformations have been completed on a number of key projects, including the first phase of the Hualu Electronics Project, second phase of the Huajing Electronics Project and second phase of the Ridian Electronics Project at the Shougang Iron and Steel Co. All projects operate normally and fulfill all design requirements.

The electronics industry has notched a large number of scientific and technological achievements which have resulted in steady improvements in product quality. It has also established a number of central experimental bases and technological development centers which have helped to enhance the capability of enterprises, scientific research institutes and institutes of higher education to transform scientific and technological results into productive forces. Some 150 scientific and technical achievements have been developed into commercial products. For example, the Model 04 program-controlled switchboards and audio-video compact disks are currently being mass produced, with both recording good economic returns.

#### 'Golden Bridge' Project

Since 1994, the Ministry of Electronics Industry has considered development of the electronic information processing industry as the primary task of the sector. According to Hu, the past year has witnessed substantial progress in a series of key information processing projects such as the "Golden Bridge Project."

**The Golden Bridge Project.** As an infrastructure facilities construction project of the information processing industry, the goal of the Golden Bridge Project is to establish a nationwide public economic information processing telecommunications network linking various ministries and commissions, 30 provinces, municipalities and autonomous regions, 500 central cities, 12,000 large and medium-sized enterprises, and 100 key enterprise groups with planning programs totally separated from those of the state. The network will also include the Three Gorges Project, Daya Bay Nuclear Power Station and other key state projects. The initial aspect of the project focused on construction of a state information processing system and the development and use of information resources. The first phase of the controlled

networking project has initially been completed in Beijing. Preliminary results from debugging show that the system has the capability to support multimedia information communications networking, with promising results achieved in terms of the simultaneous transmission of voice, data and stereopictures. The Jitong Communications Co. Ltd. and the State Information Center, cosponsors of the Golden Bridge Project, have signed agreements with 24 provinces and cities for participation in the project, and construction of stations at different levels is under way. Construction of the projects is scheduled for completion in the first quarter of this year, at which time they will be integrated with the network.

**Golden Customs Project.** This particular information processing network project is designed especially for foreign trade enterprises. The short-term goals of the project are to integrate all foreign trade departments with the electronic information processing network and develop applied systems dedicated to foreign trade. Long-term goals center on establishing a specialized business network for foreign trade in order to realize electronic data interchange (EDI), expanding the business scope of the network in order to automate customs checks and eliminating cash transactions for international trade. Over the past year, the Ministry of Foreign Trade and Economic Cooperation and the General Administration of Customs have developed the following four applied systems for exports-reimbursement, settlement and collection of foreign exchange, quota licensing, and import and export statistics. The successful development of the systems has initially established a network control center and EDI value-added services exchange platform. At present, the aforementioned agencies are cooperating with the Ministry of Posts and Telecommunications and various foreign trade institutes to establish a joint network.

**Golden Card Project.** The focus of this electronic monetary project is to establish a unified nationwide financial card distribution system, information service centers for national "credit" and "cash" cards, and a unified nationwide golden card network. The ultimate goal is to promote standard credit and cash cards. The initial aspects of the general plan have been completed with 12 cities having been selected for experimentation. In addition, preliminary plans for producing relevant products for the Golden Card Project have been mapped out with the development and production of ATM and IC cards. Current efforts focus on establishing a card-core exchange service center.

**Golden Taxation Project.** This particular taxation information network designed especially for taxation departments is based on the satellite settlement network operated by the People's Bank of China. Various related projects have been completed, including the Beijing General Audit Center, the network linking 50 central cities and the development of a complete set of applied software. Thus far, 800 taxation departments at the district and county levels have inputted data concerning

special receipts for value-added taxes. The network has already played a positive role in identifying and rectifying counterfeit value-added tax receipts.

The comprehensive implementation of the aforementioned information processing projects has evoked strong repercussions both at home and abroad. The projects will undoubtedly open vast markets for the continued development of China's electronic information processing industry.

#### New Development Modes

China's electronics industry is in the process of shifting from a traditional unitary manufacturing industry to a modern electronic information processing industry featuring the simultaneous development of manufacturing, software and information services. According to Hu, the new development mode has certain distinct features and contents, meaning that material production will be combined with intellectual production, equipment production with networking, hardware manufacturing with software production, and industrial production with operating services.

Under the previous planned economic system, the electronics industry was limited to the manufacture of hardwares and related elements and, as a result, China lagged far behind in the development of system integration and software. While information processing services and networking operations were within sight, they were nonetheless beyond reach.

According to Hu, the new development mode will be a mutually beneficial interdependent structural system featuring enhanced adaptability and competitiveness. As such, it will form an efficient circulation pattern in which system integration and the development of equipment promote each other.

Continuing in line with the new development mode, Minister Hu outlined the general program for the short-term development of the electronics industry.

—Accelerating the development of the information processing industry, represented by the "Golden Bridge", "Golden Customs" and "Golden Card" projects.

—In line with the market demand for information processing projects, extending great effort to ensure technicians solve technically complicated electronics problems, develop and manufacture related auxiliary products, while at the same time increasing self-sufficiency and the market share of domestically manufactured electronic equipment. Preliminary estimates show that investments in the construction of systems and networks during the Ninth Five Year Plan period (1996-2000) will reach 500 billion yuan. Key equipment will include program controlled switchboards with 10 million lines, 500,000 core/km of optical fiber cable, 1.5 million sets of mobile telecommunications equipment, 1 million Fax machines, over 1,000 complete sets of small and

medium-sized satellite telecommunications ground stations, 5,000 small computers and operating platforms, 0.8-1 million minicomputers, 20-30 million card cores, 2,000-2,500 automated transfer machines, 30,000-50,000 POS [point-of-sale] machines and 250,000-300,000 terminals of various types.

—Vigorously promoting the application of electronic information processing technology and related products in order to supply modern electronic equipment required to transform traditional sectors and enhance the intensive operational level of the national economy. The industry will focus on the research and development of electronic equipment for the energy, aviation, communications, agriculture, metallurgy, medical, cultural and educational sectors, as well as electronics equipment for the Three Gorges Project.

—Actively undertaking high-level development of high-quality electronic consumer products with a greater economy of scale, raising price ratios in line with a product quality and functions, and contributions to the country's flourishing markets, guaranteeing supply and curbing inflation. While producing high-quality traditional consumer electronic products, the electronics industry will accelerate research and production of HDTV [high-definition television], LD [laser disks], digital audio equipment, video cameras, erasable and recordable mini digital CDs, cable TV equipment, and digital audio broadcasting transmission equipment.

—Strengthening projects related to mini-electronic and basic products. Great effort will be extended to create conditions for research and development of various types of equipment. Over the next few years of efforts, we will establish a base for the production of 0.8-1 micron integrated circuits, master technology for 0.3-0.4 micron integrated circuits, and acquire the capability to mass produce 0.5-0.6 micron products. Development of color TV tubes will center on large screen high-definition tubes. In addition, a specialized sector will form around the production of liquid crystal display devices. Integrated electronic elements will gradually diminish in size, becoming thin and flat, with minimal components.

#### Focus for 1995

Minister Hu pointed out that China's electronics industry will continue to carry out its overall development strategy during 1995. The goal of the plan is to lift the country's electronics information processing industry to a new level by gearing the sector to the market, promoting development by using both foreign and domestic capital and taking full advantage of foreign investment to accelerate domestic production.

Major efforts for this year will focus on the following:

(1) Maintaining sustained rapid growth.

Judging from the current status quo of supply and demand and the overall economic situation in recent years, the electronics information processing industry is expected to experience rapid development in 1995. According to recent estimates, the total output value for the electronics industrial sector will reach 220 billion yuan, with the growth rate remaining above 20 percent, and profit and taxes remitted to the state hovering at around 12 billion yuan. Total profits are expected to rise to 6.5 billion yuan, while the marketing rate of electronic products will exceed 96 percent, and the export volume will reach US\$13 billion.

(2) Deepening the reform of large and medium-sized state-owned enterprises and developing major companies.

—Great effort will be extended to properly carrying out trials for establishing a modern enterprise system. Five electronics enterprises—the Shaanxi Caihong Electronics Group Co., the Peony Electronics Group, Hongguang Electronics Co. Ltd., Shanghai No. 3 Radio Plant and the Shenzhen Huaqiang Electronics Co.—are on the list of pilot firms the state has designated to introduce the new system. The Ministry of Electronics Industry will explore experiences to promote establishment of the system across the entire sector.

—Extensive effort will be devoted to optimizing the industrial and organizational structure of larger enterprises. In terms of the allocation of resources and policy, the ministry will provide substantial support to backbone enterprises with considerable economic strength and high potential market prospects, and will introduce the shareholding system to transform various key firms whose advancement will have a direct bearing on the development of the entire sector. It will also strive to invigorate a group of medium-sized enterprises by absorbing foreign investment and implementing various types of cooperative operations, while at the same time merging loss-making firms with successful operations, or changing their production lines.

Establishing a number of powerful enterprise conglomerates and companies in line with the objectives for establishing a modern enterprise system, thereby giving impetus to the development of the electronics information processing industry as a whole. The ministry has rated the Shanghai Video-Visual Electronics Co. Ltd., Panda Electronics Enterprise Group, Shaanxi Rainbow Electronic Group Co., Sichuan Changhong Electric Appliance Co. Ltd., Beijing Legend Computer Group Co. and the China Hualu Electronics Co. Ltd. as priority companies for development. Statistics show that the 1994 sales volume of the aforementioned five companies amounted to 20.9 billion yuan, accounting for 16.7 percent of the total for the nation's electronics industry. In addition, they earned 2.3 billion yuan in profits and taxes, accounting for near 22 percent of the total, with

profits standing at 1.38 billion yuan or 25 percent. The China Hualu Electronics Co. Ltd., which entered operations last year, will be transformed as quickly as possible into the country's major manufacturer of videorecorders.

(3) Expanding exports and cooperation.

Enhancing international cooperation and absorbing foreign capital are key factors which have contributed to the rapid development of China's electronics information processing industry. Last year, the output value of foreign-funded enterprises in the sector rose by 58.6 percent, while their export volume accounted for over 50 percent of the total for the national electronics industry.

According to Hu, the ministry will further accelerate cooperation with other countries and effectively use foreign capital in accordance with the principle of equality and mutual benefit. The ministry will use the industrial policy to correctly guide the investment orientation, thereby ensuring that more foreign funds are allocated to high-tech projects, as well as the development of new products and technical transformations of enterprises. Efforts will also focus on the absorption and assimilation of imported technology, innovation, and improving the capability of enterprises to undertake technical development. At the same time, extensive support will be given to marketable technology intensive electronic products in order to expand exports and earn increased foreign exchange.

(4) Strengthening management and macrocontrol.

Under the prevailing situation in which market order has not as yet been completely standardized, macrocontrol and trade management are vital to the sound development of various industries. The electronics sector will adhere to the state plan to strengthen overall planning and coordination, while at the same time readjusting the overall structure, carrying out major projects and promoting information technology in the national economy. In 1995, the state will promulgate the Electronics Industrial Policy to intensify the macrocontrol of the electronics sector in terms of the approval of new projects, investment scale and introduction of foreign capital.

### Daily Views Sacking of Heilongjiang Plant Manager

#### Part 1

HK2702114595 Beijing JINGJI RIBAO in Chinese 23 Jan 95 p 7

[By Di Fei (3695 7378): "Plant Manager Was Sacked Despite Over 10 Million Yuan Contributed by the Plant as Profits and Taxes (Part 1)"]

[FBIS Translated Text] On 5 December 1994, in a prominent position on the front page of the HARBIN RIBAO, the following news was announced: "Reaching a New Level Through Taking the Market As Guidance,



Shiyitang Pharmaceutical Factory's Profits and Taxes Break the 10 Million Mark." However, on the afternoon of that same day, Liu Wei [0491 1550], the director of the Harbin Shiyitang Pharmaceutical factory, who had been cited as one of the "100 National Outstanding Young Entrepreneurs," was sacked....

At the end of 1989, "Shiyitang" which had only just over 100 employees, two workshops, and produced only one type of drug, had creditors knocking on the door, did not have sufficient funds to pay the wages of its workers, and was in a situation where it was close to shutting down. At the beginning of 1990, Liu Wei, who was only 35 years old, received instructions in this time of peril, to take on the post of factory director of the "Shiyitang" factory, which is under the Harbin City Medicinal Materials Corporation, a part of the Harbin Pharmaceuticals Group.

By the end of 1990, on the basis of having eliminated the 700,000-plus yuan debt millstone which had been left from the past, Shiyitang realized profits of 1.52 million yuan. In the years 1991 to 1993, the profits realized were respectively 3.04 million yuan, 4.50 million yuan, and 6 million yuan!

By 1994, "Shiyitang" had become a modern medium-sized enterprise, famous throughout the country, which had fixed assets valued at 20 million yuan, 10 production workshops, two joint venture enterprises (in Hong Kong and Spain), and five modernized medium-sized enterprises which engage in tertiary industries. It manufactured 150 types of medicine in 11 forms. Of these, the Bezoar Purifying Pills had been appraised as one of the 10 top products of the city, while 15 other various products, including the Bezoar Antiphlogistic Tablets had been awarded international, national, provincial and city prizes, medals, and outstanding product titles. The factory was cited as a national outstanding enterprise in industrial management and its products had entered the international market. The "Shiyitang" trademark had become the number one brand among the 150,000 industrial and commercial enterprises in the province and the sole internationally-registered trademark in the whole province. In 1994, the profits and taxes of "Shiyitang" broke through the 10 million yuan mark, reflecting a growth of 25 times over 5 years. It also came second in terms of the achievements of enterprises in the same industry throughout Heilongjiang Province.

In 1993, Liu Wei was appraised as an outstanding young entrepreneur of Heilongjiang Province and one of the top 100 national outstanding young entrepreneurs.

How did such an outstanding, nationally-famous young entrepreneur come to be sacked?

In the last part of November 1994, Yu Xuetian [0060 1331 1131], the general manager of the Harbin City Medicinal Materials Corporation retired and XXX [three letters X as published], the former director of the Beifang Pharmaceutical Factory, took over the post.

On the afternoon of the 29th, Liu Wei, who had just returned to Harbin several days previously after attending a meeting to demonstrate new products in Beijing, received a note that the general manager of the corporation wanted to have a personal discussion with him. Li Xuean [2621 1331 1344], the general chief accountant of the corporation, proposed that "Shiyitang" should achieve a profit of 5 million yuan this year. Liu said that this would be difficult to achieve as, since 1994, the state had prohibited the use of tiger bones and rhinoceros horn as ingredients and this had led to a great decline in output value. Li Xuean said that they could book as profit 900,000 yuan of the funds set aside for major overhauls and the 6 million-plus yuan worth of products which had been shipped but for which payment had not yet been received. Liu still did not agree: "The output of Bezoar Antiphlogistic Tablets was only valued at 700,000-plus yuan in 1993 but, in 1994, there was a big jump to over 15 million yuan. Sales avenues have greatly expanded and the situation of supply being unable to meet demand has appeared. Thus, there is a need to increase equipment and workshops. Our factory's leading group has already decided to use these funds to expand reproduction." At this moment, the general manager, who had been sitting quietly to the side, suddenly shouted: "Can you do it or not? If you cannot do it, you are sacked!" Liu again set down his reasons. After the general manager had heard him out, he very impatiently and harshly said: "Get Out!" It was on this unhappy note that this personal discussion "meeting" ended after only 10 minutes.

On 1 December, at the behest of the group's organizational department, Liu came to the corporation and agreed in front of the general manager and other leaders that he had committed some mistakes such as arrogance, superciliousness, and clashing with the leadership and noted that he would carry out a deep self-criticism. At the same time, he accepted the 5 million yuan profit plan. Two section heads of the group's organizational department said to Liu: "Go back and continue with your work!"

On 3 December, the corporation suddenly called an emergency meeting of the factory directors, managers, and financial controllers of all of its subordinate units. Liu Wei was not advised and only the deputy factory director and the head of its finance section attended. At the meeting, the general manager of the corporation announced the three major "charges" against Liu Wei—arrogance, superciliousness, and clashing with the leadership, and advised that in order to maintain dignity of the leadership of the corporation, Liu Wei was being removed from his post as factory director. He also said: "It is not I, xxx—who will not tolerate Liu Wei, but rather it is he who has pushed himself onto the muzzle of my gun!" "In future, if anyone does not heed directives, there will be only one word: Fired! There will be no more 'one helping another' heart-to-heart talks."

On 5 December, the corporation issued a "Notice" on the termination of Factory Director Liu Wei's employment. On the afternoon of that day, the general manager of the corporation and others of the leading group came to "Shiyitang" and called a meeting of cadres at the middle-level and above. At the meeting, the sacking of Factory Director Liu Wei was officially announced, on the grounds that "he had not accepted the corporation's profit plans and there was a need to safeguard the overall interests of the corporation and the prestige of the leading group."

On that day, the representatives of the staff and workers spontaneously organized a meeting of representatives in order to first boycott this mistaken, unreasonable, and even ridiculous decision and second, to go to the city government to present a petition over the injustice. When Liu heard of this, he wanted to try to dissuade them but no one heeded his words: "I beg you. This will not help me but will instead hurt me..." Liu Wei stood in the doorway, head bowed for 3 minutes. Tears bathed his face and he choked with sobs. The staff and worker representatives all cried as well and no one wanted to make things more difficult for this factory director who even at such a time continued to uphold principle.

On 6 December, it was the coldest day since the beginning of winter in Harbin. Close to 100 cadres, staff, and workers, having heard that the factory director was getting ready to leave, spontaneously began to gather in the biting cold wind and waited for an hour so that they could form a guard of honour with which to send off the good factory director. The staff and workers all cried as they could not bear to see their factory director go....

## Part 2

HK2702132495 Beijing JINGJI RIBAO in Chinese 26 Jan 95 p 7

[By Di Fei (3695 7378): "'The Liu Wei Phenomenon' As Viewed by Different Circles—Special Series 'Plant Manager Was Sacked Despite Over 10 Million Yuan Contributed by the Plant as Profits and Taxes' (Part Two)"]

[FBIS Translated Text] Liu Wei was bewildered. The general manager of the corporation had only been in the job for 15 days and still did not have a basic understanding of the situation at "Shiyitang." He had not yet "listened" to, much less "fully considered," the opinions of the staff and workers representative congress. How could he be sacked just like that? Such an action clearly violated the "Enterprise Law" and the "Factory Director Work Regulations." As a corporation leader, how could he ignore party discipline and state law and sack him on the basis of his individual wishes? If we look at the "Provisional Regulations Governing the Contracting Operators Responsibility System in Industrial Enterprises Owned by the Whole People," given that Liu, as the contracted factory director, had not completed his period of tenure and was completely implementing the contract, the party issuing the contract had no right to

unilaterally tear up the contract. How were they able to remove him from his post? According to the "Joint Venture Enterprise Law," as he was a deputy director general and manager of the joint venture enterprise, his dismissal should have been discussed and studied by the board of directors. However, it was not!

Liu Wei was as if lost in a fog. Only later did he learn that the reason why they had still sacked him even though he had made a deep self-criticism and accepted the profit plans at a meeting of the corporation's leading group, was that "whether they sacked him or not was not determined by how he engaged in self-criticism but rather by the fact that they do not want to employ him." But this man, who had devised winning strategies in the commercial tide of the market economy, still did not understand why the company "did not want to employ him."

When some famous experts, like Professor Wang Mianzhi (3769 4875 0037) from the Beijing Chinese Medicine Institute and Professor Xu Dongming (1776 2639 6900) of the Jilin Provincial Chinese Medicine and Chinese Pharmacology Research Institute, who had cooperated with "Shiyitang for many years", learned that Factory Director Liu Wei had been sacked, at the same time as expressing very great anger, they demanded that their contracts be broken off and that the new national-level medicines they had developed be no longer supplied to Heilongjiang. "If Liu Wei is restored to his post, I am willing to continue to cooperate in developing new products. I believe that this day will come." On seeing Professor Xu Dongming's letter, Liu Wei burned with impatience but there was really nothing he could do.

The foreign party to the joint-venture enterprise required an explanation of the incident, failing which they intended to withdraw all their investment. Mr Wang, the director representing the Hong Kong party, also held great hopes that Liu Wei would be reinstated in his original post and he expressed his opinion to the relevant department in the Harbin City Government: "Mister Liu Wei is a cooperative partner in our Chinese Side. He is fully competent for the post!"

There are now eight state-owned, private, or foreign-funded pharmaceutical factories from Harbin City, Zhubai City, and Weihai City which have expressed an interest in appointing Liu Wei as a highly-paid factory director in their factories but Liu is not in a hurry to take up these posts. He says: "People have feelings. I cannot leave 'Shiyitang.' Likewise, 'Shiyitang' cannot leave me."

The news of Liu Wei's sacking elicited a strong response from enterprise circles. The provincial communist youth league (CYL) committee and city CYL committee were also greatly concerned. The city's industrial and commercial association, after carrying out a large number of visits for a survey, submitted to the relevant leaders a paper entitled: "Reaction to the Improper Dismissal of

Liu Wei." Close to 100 prominent entrepreneurs from factories such as the Harbin Cigarette Factory and the Harbin Aircraft Manufacturing Company (many of whom are provincial, city, or district people's congress representatives or Chinese People's Political Consultative Conference members), sent a joint letter to the provincial party secretary Yue Qifeng. They held that such a strange phenomenon as the sacking of a factory director who had the strong support of the staff and workers and had realized many achievements, had only occurred in Heilongjiang. These entrepreneurs were very concerned that if these problems in Heilongjiang were not resolved, who would be in the mood to take a firm grasp of production? Who would not be constantly looking over their own shoulders?

Some entrepreneurs said: "In a situation where most state-owned enterprises are in a depressed state, how many enterprises are there like 'Shiyitang' which have been able, over the last 5 years, to increase the profits and taxes they hand up by 25 times? How many outstanding factory managers like Liu Wei are there? It was just that he crossed a leader who had been in his post for only just over 10 days and this led to him being sacked. As factory directors and managers, we are worried about the offence we will have to commit before the leaders have us following in Liu Wei's footsteps." Some said: "The company is not a corporate body but Liu Wei, the corporate representative of the 'Shiyitang' factory, which is registered as a corporate body by the industrial and commercial bureau, has been sacked by the company. This is a phenomenon unique to Heilongjiang. If this continues, the directors of state-owned enterprises will be unable to boldly press ahead with reform."

Others said: "The reason the state-owned economy is unable to be vitalized, apart from problems in the production and operational mechanisms, are the problems like the 'Liu Wei' phenomenon in the employment mechanism. These problems urgently await resolution."

The staff and workers at "Shiyitang" said: "Such actions by the company not only destroy Liu Wei the man but also throttle the enterprises!"

"No person is perfect. Are there any of those who have realized achievements who can be said to have made no mistakes? Directors of enterprises which incur great losses are not sacked but the director of an enterprise which hands up to the state 10 million yuan in profits and taxes is sacked because he contradicted a leader. In such a case, should not the directors of loss-making enterprises be shot?"

"The 'Liu Wei phenomenon' may be the final stronghold to be defeated in our country's attack on the planned economy and Liu Wei the individual is but a sacrifice. If the corporation was the general manager's own enterprise and Liu Wei made tens of millions of yuan in profits and taxes, I think that even if he clashed with the leadership, he would not be sacked." "If an enterprise is to develop, it must maintain reserves and must not 'kill

the hen to get the eggs." Everything Liu Wei did was in the interests of the enterprises".....!

The Heilongjiang Provincial CPC Committee paid great attention to this matter and immediately sent a team to conduct a deep and detailed investigation. The investigation report was swiftly in the hands of the leaders. On 28 December 1994, the provincial committee Secretary Yue Qifeng gave the following important instructions: "It appears that this incident was not handled prudently and that is why it has elicited such a strong reaction. It is necessary to listen to the voices of the staff and workers and to seriously respond to the letters written by the many factory directors. In respect of such a factory director, even though he had some shortfalls and had made some errors, I believe that the appropriate response would have been to assist him through education and criticism. To sack him immediately was too harsh. It is best to concern oneself with those who deserve to be shown concern."

Relevant leaders of the Harbin City Government also paid great attention to this incident and they are, at present, actively making appropriate arrangements in this respect.

### Part 3

HK2802095095 Beijing JINGJI RIBAO in Chinese 6  
Feb 95 p 7

[By Di Fei (3695 7378): "The Masses Have a Measure in Their Minds—Special Series 'Plant Manager Was Sacked Despite Over 10 Million Yuan Contributed by the Plant As Profits and Taxes' (Part Three)"]

[FBIS Translated Text] The report entitled "Plant Manager Was Sacked Despite Over 10 Million Yuan Contributed by the Plant as Profits and Taxes" reported how Liu Wei, manager of Harbin Shiyitang Pharmaceutical Plant and holder of the title of National Outstanding Young Entrepreneur, had been removed from his post. The report mentioned that eight pharmaceutical plants in and outside Heilongjiang Province had offered to engage him as their manager on high salaries but that he had said he could not leave his "Shiyitang."

It is not so much that he could not leave the factory "Shiyitang"; what he really could not bear to leave is the workforce of nearly 1,000 with whom he had developed a close and loving relationship.

### I.

Around midday on 6 December 1994, Liu Wei had just finished the handover procedures after his dismissal, when a middle-level cadre, puffing and streaming with sweat, stormed into the office. He grabbed Liu's hands, held them firmly in his hands, and, with tears in his eyes, said beseechingly: "Please, manager, all these years and you have never had one special meal in our factory canteen. Could you please make an exception and stay for the last meal?"



"Oh, no, not this time. One day maybe ..."

"Manager, please, we are begging you, just this time ..."

Liu Wei freed his hands from his grip, turned away, and wiped his eyes. He was speechless. This meal, how could he enjoy it?

He took a last look at his desk and everything that he could not be more familiar with, bent over and tidied up the cups and ashtray on the teatray and, in silence, left the office which would prefer him to stay.

Once outside the office, he had another surprise: Meeting his eyes were nearly 100 cadres and workers standing in the piercingly cold wintry wind. On hearing the news that their manager had to go, they had come to say goodbye and had been waiting outside for over an hour. They wanted to see off their manager who had been so close to them in the past.

Liu Wei could not but feel something warm streaming down from his eyes.

Each and every one of the hands now stretched out to him had once helped him draw up the grand blueprint for "Shiyitang." They were speechless and did not know what to say to comfort their manager...

Liu Wei wiped his eyes every time he shook a hand. "I am sorry. I am so sorry for everybody...."

That was all he could manage to say. He felt his feet were so heavy.

He turned around, only to find some 30 security policemen from the plant standing in a straight line and saluting him! He quickly went over and took their hands, all numb and red from the cold, in his own, trying desperately to warm them up. But after the handshake, they all firmly resumed their salute....

The courtyard was filled with sobbing and weeping.

Liu Wei did not dare to stay any longer. He was worried that they might get ill from the cold!

His car drove off quite a long way but they were still waving, looking, and saluting....

Yan Changlin [7051 7022 2651], the vice general manager of the marketing company who is in his 20's, choking with sobs and wiping his eyes constantly, said: "Next year, he was going to have a building built for our company.... There are still so many things he has not got round to doing...."

A 29-year-old cadre said: "I used to think one could only experience such a moving scene in a novel or a television drama...."

A female engineer with 30 years of work experience, said emotionally: "I have never experienced such a scene before in my whole life."

"When Manager Liu was leaving, he smiled. I cannot tell if that was a helpless smile or what but his smile made such a deep impression on me that I will never forget it. The farewell scene reminded me of what happens when friends are parting forever!" At that, the foreign trade section chief stopped, feeling a lump in his throat.

## II.

After being relieved of his post and returning home Liu Wei, who had been suffering from cerebral anemia and some other ailments, was overcome with anger and became sick. He was hospitalized. On hearing the news, the staff and workers of the plant took turns to visit him, whom they called the "auspicious general," in the hospital. Though he had been removed from his office, in their minds, Liu Wei would always be their manager, their good manager. A woman worker in her 50's tucked the corner of the quilt in for her manager and, with tears in her eyes, said: "Manager, you have got more grey in your hair now...." That said, she turned away and wiped away her tears. In the end, she could not control herself any more. She ran out of the room and had a good cry. Another old worker held Liu Wei's hands and, sobbing, said: "Manager Liu, as long as you can come back to our factory as our manager, I would not mind dying for it. I am so old but you are still young ..."

Li Yongan [7812 3057 1344], an old worker who retired in 1992, could never forget his first birthday celebration, which took place in his "home," the factory. Liu Wei regarded caring for the workers' livelihood as an important matter and put it on his working agenda the moment he assumed office. On Li Yongan's birthday, Liu Wei held his hands and wished him happy birthday. Li Yongan was moved to tears. He said: "I have never celebrated my birthday before and I am celebrating my first in our factory...."

Liu Yongqiang [0491 3057 1730] is a frank and outspoken person who often shoots off his mouth. He was once a department chief and manager of No. 2 Auto Factory of the City Communications Company and studied in the same school as Liu Wei. The two of them had always maintained a good relationship. In order to get a good manager for the plant's commuter bus fleet, Liu Wei went to him several times, persuading him to join "Shiyitang." On 6 March 1993, Liu Yongqiang became head of the transportation department of "Shiyitang."

When talking about Liu Wei, this macho northeasterner broke down in tears like a child. He said: "Before, there had never been a cross word between him and me. But after I came to 'Shiyitang,' he turned against me."

One time, the cassette player on a Toyota truck broke down. Thinking that he was head of the transportation department and was quite chummy with Manager Liu, he took the liberty of spending over 1,400 yuan on a Japanese-made cassette player in its original packaging.

He never dreamt that he would be shouted at and humiliated when he went to Liu Wei to have his invoice reimbursed.

"Could you not have bought something cheaper? A 300 or 400 yuan machine would do the same job, would it not? You do not treat money as money. You are making trouble for me, are you not?"

"I did not do it for myself. All I wanted was to get a better machine."

"Then why did you not buy a CD player? They are much better, are they not? I am sorry, I cannot reimburse your invoice!"

Rebuffed, Liu Yongqiang had to grin and bear it.

In the winter that year, Liu Yongqiang once again decided for himself and turned off the heater fans on commuter buses. He did this after his calculations indicated that by so doing, he could save over 15,000 yuan on seven commuter buses per year!

Once again, he got a big shock when he found out Liu Wei's reaction to his shrewd measure. Again, he was "told off." "Saving money by turning the heater fans off? Have you got any grey matter in your head, I wonder? Some workers have to sit on the bus for over an hour before they can get home. Are you expecting them just to put up with the freezing cold? Do you not feel sorry for them? When it comes to necessary saving, every yen should be saved; but where saving is out of the question, you should not be frugal, no matter how much you have to spend!"

"After that, I began to look at him, our manager, from a new angle." Liu Yongqiang wiped his eyes and said with emotion: "When I think of him, it is no longer in terms of old pals. I admire this manager from the bottom of my heart. He never does anything wrong [cuo shi ta yi jian bu ban 6934 0057 0100 0001 0115 0008 6586]; but he does not miss out on anything that will bring benefit to the workers. Such an upright and honest man who never engages in crooked practice is a living proof of honorability! Who would not support and love a manager who treats the enterprise as his own home and the workers as his own brothers and sisters?"

### III.

As vice chairman of the board and general manager of two joint ventures, Liu Wei had many opportunities to go abroad but each overseas trip would have cost at least \$10,000. He gave up all the opportunities because he really did not want to spend that money. His only trip abroad was in 1992 when the State Administration of Chinese Medicine and Pharmaceuticals organized for relevant personalities to attend an international pharmaceutical procurement fair in Singapore. He was a member of the delegation. At the customs upon arrival, the officers found his briefcase packed with instant noodles. They gave him a smile that he could not

interpret. In Singapore, he signed \$100,000 worth of sales contracts. He stayed in Singapore for more than 10 days but it was only on the eve of his departure home that he spent three hours window-shopping.

According to cadres who have had the experience of accompanying Liu Wei on business trips, he was extremely frugal, sometimes bordering on stinginess. One time, he did not want to spend 3.5 yuan on his breakfast in a hotel restaurant, so he went out and bought deep-fried dough for 1.2 yuan. If he could not finish a meal, he would save the leftovers for the next meal or even for the next day and wherever he went, he always picked the cheapest bed in a hotel.

Almost all cadres at and above the middle level know that he suffers from cerebral anemia and nervous headaches. Once, at a meeting, he had an attack and passed out. They sent him to a nearby hospital for emergency treatment but he firmly refused to stay in the hospital. He took the intravenous bottle to his office, put it on the clothes horse, and started working while on the drip. His colleagues told him to rest and not to put his life at risk but he was very stubborn. They can hardly remember the number of times he has been on a drip in the office....

Head of the general engineering office Zhang Ying [1728 3853] said: "Manager Liu devoted all his energies and ardor to his enterprise and his work. When creating some feasibility reports, he personally conducted investigations in his spare time. This is something very hard to do for the top executives of other enterprises. Under normal circumstances, the approval certificate for a new medicine takes at least four to five years to obtain but he could get one within two years. He wholeheartedly supported the factory in its scientific and technological development. Sometimes, in order to improve work efficiency, he would go on business trips on Sundays and manage to get back on the same day so that he could start another week's work on the Monday."

Mu Weifeng [4476 5898 1496], head of the financial department, said: "One day, Manager Liu returned to the factory after he had gone through the assessment procedures with the company and received profit delivery requirements. He immediately said to me: Even if it means we will have an extra load to carry, we will honor these requirements! Mr. so and so is new to the company and we should support him! That is what our manager is: He never holds a grudge."

All the staff and workers at "Shiyitang" are looking forward to the day when their good manager Liu Wei, whom they love so deeply, returns to the factory and rejoin them!

### Part 4

HK2802103395 Beijing JINGJI RIBAO in Chinese 9  
Feb 95 p 7

[By Di Fei (3695 7378): "More Reflections on 'the Liu Wei Phenomenon'—Special Series 'Plant Manager Was

**Sacked Despite Over 10 Million Yuan Contributed by the Plant as Profits and Taxes' (Part 4)"]**

**[FBIS Translated Text] Establish an Organization for Protecting Entrepreneurs**

Meng Qinglin [1322 1987 3829], associate professor and director of the Economic Research Institute of Heilongjiang University, pointed out in his analysis on "the Liu Wei phenomenon: "To many enterprises, converting their operational mechanisms or introducing transformation oriented to the joint-stock system has tended to mean preparing the same medicine in different ways. The administrative means employed in the planned economy in the past will "stifle" the modern employment mechanism for training and correctly using entrepreneurs. The reason the market economy has more vitality is because it can promote the development of the productive forces to a greater extent. In the meantime, the market economy itself is also playing the role of creating "human capital." The notion of "human capital" invented by world-renowned economists Schultz and Baker [bei ke 6296 0344] and proven in economic practice is "the predominant motive force for the development of the world economy today." "Human capital" includes knowledge and human resources with specialized skills. Entrepreneurs are among such human resources. Employing administrative means which have proved irrational in the planned economy to utilize and manage human resources blocks the advantage of the market economy and holds back the cumulative increment of the "human capital." How to use human resources properly is an important factor in the creation of "human capital," which includes the contingent of modern entrepreneurs. While entrepreneurs should pay attention to improving their own quality, they should establish an organization to protect their own legitimate rights and interests, in the same way as the women's federations protect the legitimate rights and interests of women and children; an effective supervisory, constraining, and enforcement mechanism should be introduced.

**Break the Employment Mechanism Characterized by "Official Departmentalism"**

Wang Mingling [3769 2494 3781], associate research fellow and section chief of the economic research institute of Heilongjiang Provincial Academy of Social Sciences, maintained: It is necessary to avoid the polarization of enterprises, with "too much power" or "too little power." If managers of all medicinal materials companies could manage factories at the same time, why would we need companies at all? Obviously, economic interests are involved here. That a company manager relieved Liu Wei of his post, ignoring the "Enterprise Law," "Contract Law," and "Foreign Investment Law," indicates that he had too much power while Liu Wei had too little power to make his own decisions.

The stereotyped thinking formed over the years under the system of planned economy has given rise to "family-type," "money relation-type," "personal connection-type," or "combined-type" personnel mechanisms, which are very hard to change. Such mechanisms, characterized by "official departmentalism [guan ben wei 1351 2609 0143]," have completely or partially deprived many truly talented people of the opportunity to give play to their talent, thus creating an abnormal mode of competition in the context of nonmarket economy whereby "the less competent win and the better ones lose." The market economy cannot possibly develop and improve by overstepping legal bounds. Therefore, in order to develop the market economy better, while changing the personnel mechanism reflected in "the Liu Wei phenomenon," we should take measures to protect the decisionmaking power of entrepreneurs and establish a corresponding constraint mechanism. Both the protection and the constraint must be founded on the basis of thoroughly changing the mentality and understanding.

**Pay Attention to the Influence of Noneconomic Factors on the Economic Life**

Wang Yalin [3769 0068 2651], director of the Heilongjiang Provincial Academy of Social Sciences Research Institute for Social Development and the Development of Science and Technology, expressed his opinion on "the Liu Wei phenomenon" in his capacity as a member of the expert advisory group of the provincial scientific advisory commission.

The economy in Heilongjiang Province is marking time and the rigid system of official departmentalism has been restricting, interfering with, and sabotaging the economy to a great extent. Some cadres, as a group, have a poor official quality and the "bullet-proof" system formed by such cadres in pursuit of their own interests cannot be changed or is very difficult to change. The party which fired Liu Wei was not thinking about economic development but was concerned with its own interests. Because the system of the vested interests in society is difficult to change, the system of official departmentalism and its administrative interference are dominating the economy. World-renowned sociologist Ingels [ying ge er si 5391 2706 1422 1835] pointed out: If the solution to the modernization of men is not found and the quality of men not improved, even the best plans and blueprints will not be realized.

The emergence of "the Liu Wei phenomenon" is thought provoking. It reflects the influence of noneconomic factors, including the personnel mechanism, on the economic life during the transition from the system of planned economy to the system of market economy.

**Noneconomic Factors Find Primary Expression in the Outmoded Understanding of Cadre Appointment**

The viewpoint shared by Dong Hongyang [5516 7703 2254], deputy director of the Heilongjiang Provincial Academy of Social Sciences Research Institute for Social



Development and the Development of Science and Technology, is even more thought provoking.

First of all, "the Liu Wei phenomenon" reflects the inadequacy of people's understanding of cadre appointment in keeping up with the requirements of the market economic system which is being established. What kind of cadres are desirable? The planned economy and the market economy have different answers to this question. Under the system of planned economy, administrative management was in force, whereby orders from higher level authorities were obeyed and enterprises were accountable to their superiors, with no or little decision-making power in their own hands. But the market economy emphasizes autonomy, competitiveness, and cost effectiveness, demanding that enterprises are able to "swim" in the "ocean" of market. This determines that in the context of market economy, only capable people should be used and their official and professional performance must be examined to find out whether or not they have a creative spirit. With a mechanism which eliminates less capable people, outstanding management talent can emerge and form a contingent of outstanding entrepreneurs. Therefore, in appointing cadres, we must not deviate from our focus, i.e., developing the market economy. For this reason, we should boldly support and use capable people as long as they do not have problems of integrity. Naturally, we must not be too harsh on capable people. Generally speaking, capable people tend to be quite independent and creative. Their merits are often as obvious as their weaknesses and they may become controversial personalities. We should help such capable people add to their achievements and overcome their shortcomings, rather than nitpicking. In terms of the deep cultural structure, the conventional way of appraising people tends to exalt flawless morality, thus encouraging moral self-perfection. In fact, most people are ordinary creatures who have both strengths and weaknesses or have neither obvious strengths nor obvious weaknesses. But some people have strong aspirations for accomplishment and are highly creative. They have distinct personalities and their strengths and weaknesses are obvious. They are the ones who tend to cause controversy. I feel we should abandon the bivalent thinking of either-or and adopt a dialectical attitude toward the issue of cadre appointment.

Second, "the Liu Wei phenomenon" also reflects the backwardness of our personnel management system. The personnel mechanism formed over a long period of time under the influence of the planned system is difficult to change overnight because it is supported by vested interests and is not conducive to the bringing forth of capable people. Therefore, we must increase the strength of the structural reform, enliven the personnel mechanism, expand the scope of appointment of management cadres to enterprises, expand the power of enterprises to make their decisions on personnel matters, and form a practical set of regimes for the supervision, assessment, and dismissal of enterprise cadres. Such decisions must not be made according to the will of one or two leaders.

Third, Heilongjiang Province is a big province with its industrial strength lying in the availability of resources and heavy industry. In the 1950's, it was an important national industrial base. Over the last dozen years of reform and opening up, it has lagged far behind the coastal open areas in the southeast. The key to boosting our province's economy and turning our advantages through the availability of resources into economic advantages is to improve the quality of people. The personnel mechanism itself can provide guidance for the growth of capable people. As a contingent of entrepreneurs is still in the making and there is a shortage of good managerial talent, we should resort to all avenues to bring up capable people who can adapt to the market economy. They should be so trained as to acquire a strong urge for accomplishment, high adaptability, independent personalities, and a well-developed mentalities. The entrepreneurs in Heilongjiang Province have many good points but many of them are quite rough and rugged, lacking the finesse and cleverness [guai qiao 0041 1564] which entrepreneurs in the south tend to possess. As a result, the quality of some of their products is not high and they are not astute enough in negotiations and management. These are areas where improvement is needed.

#### **Create a Positive Environment Which Cherishes Capable Human Resources and Puts Them in Important Positions**

Heilongjiang Television Station once showed a series of reports entitled: "How Shandong People Look At Heilongjiang" in its "Topic of the Day" slot, which sparked extensive reactions from all circles in the province. One episode, "Man Is The Creator of Success," was particularly thought provoking. A senior journalist who was one of the organizers and reporters creating the series believes that the development of the regional economy depends on a batch of capable people and, once the economy moves ahead, a positive environment which cherishes capable people and puts them in important positions will take shape. Once capable people have come forward and the environment in which they can display their talent has come into being, it will stimulate economic development, forming a benign cycle. Otherwise, local talent may "fly south as the wild geese" and skilled people from outside are reluctant to come, causing a vicious circle of economic stagnation. There are many reasons why the economy in some places is not prosperous but the personnel mechanism is also a very crucial reason.

Man is the creator of failure as well as success!

#### **Use Examples To Show Right and Wrong**

Shang Ying [0794 8714], member of Harbin City Chinese People's Political Consultative Conference Committee, provincial association of industry and commerce standing committee member, and general manager of Harbin New World Machinery and Electrical Equipment Company Limited was filled with indignation when

talking about "the Liu Wei phenomenon: 'Shiyitang' created over 10 million yuan in profits and taxes. If Liu Wei had spent 1 million yuan on presents to curry favor with those in power, I do not think he would have got himself into such trouble. If Liu Wei had not been fired on the so-called work-related charges of 'refusing to accept profit delivery requirements,' he would, sooner or later, be shown the door because of something else. Liu Wei, as plant manager, knew best whether or not his plant could fulfill the profit target they were assigned. If it was impossible, there must be some reason. That Liu Wei was 'audacious' enough to present the reason why they found it hard to fulfill the target was the very indication that he was responsible to the enterprise, to the company, to the group, and to the state. If he had not done this, there would have been some window dressing such as 'moving the decimal point to meet the target.' Some enterprises operating at a loss cannot pay wages to their workers but still declare to the outside world that they have made profits. Such a fraudulent practice of making up output value, profit, and tax figures means nothing more than being irresponsible toward the enterprise and the state. In another sense, this also mirrors the mentality of some leaders who like flattery and total obedience and stick by the doctrine that 'those who submit will prosper, those who resist shall perish.' The existence of such cadres is a result of an inappropriate appointment system. Such cadres only obstruct the development of the market economy and, as long as they are around, it will be very hard to create an environment and conditions for capable people to give play to their talents. Market competition, at the end of the day, is the competition of human resources, especially that of capable people who not only have a commodity awareness but can also command the market. I read in the paper a few days ago about an open election campaign for the position of chief of the Qiqihar City Industrial and Commercial Administration Bureau. This was very good. It created an opportunity for fair competition among truly capable people and provided grounds for them to display their talents. Some people moved to the south and were able to settle down very quickly. Settling down is no big deal; what really counts is the ability to preserve quality human resources. If Heilongjiang has more people like Liu Wei and the 'wild geese' head north instead of south, there would be no reason our economy could not prosper. We should carry out extensive propaganda on people like Liu Wei as models to follow, so that a large number of people can be educated. Humans live in contradictions and things develop in contradictions. To carry out reforms, it is inevitable that various kinds of inadequacies and weaknesses will emerge. This is not at all surprising. The crux is how to handle them and use these people properly.

#### **The Mentality of Some Cadres in the Present Day**

Ma Shusen [7456 2885 2773], delegate to Harbin City People's Congress, member of the city people's congress standing committee, renowned model worker of Harbin City, and manager of Harbin City Longbin Shoe Factory,

expressed grave concern over "the Liu Wei phenomenon: 'Today, we have some cadres who are afraid of everything except failure to boost the economy; they are afraid of nothing except losing their official posts. Such cadres are only responsible to their superiors, not to economic development. There is also another type of cadres who would, at their own will, fire or frequently move around those whom they do not take a fancy to, no matter how well they have been doing. Just as Secretary Yue has pointed out, those who refuse to change their mentality in any way whatsoever should be 'removed' without ceremony! In economic activity, we should open ourselves to embrace the whole world instead of isolating ourselves, still less put personal feelings in first place. We should have a broad heart and consider the interests of invigorating the market, developing the economy, and strengthening the enterprises on all fronts. Today, some cadres are still too rigid in how they understand the personnel mechanism. They only see other cadres' good points and negative points that are on the surface and turn a blind eye to their potential. Some capable people may have quite a lot of shortcomings: They may have a temper, they may be a bit rough in how they manage their enterprises, or they may not be all that respectful and deferential to their leaders but they have made certain contributions, even indelible contributions, to economic development. Why do we not help them overcome their shortcomings and add to their strengths?

#### **What Did Liu Wei Do Wrong?**

On 25 January, Zhu Haitao [2612 3189 3447], deputy manager of Anlu Branch of the Bank of China, Hubei Province, faxed in a message carrying a strong sense of justice. The heading was: What Liu Wei did wrong?

I have thought the whole thing over and I feel the real reason was that Liu Wei had not followed the general manager's baton but instead had taken account of his plant's true reality, the market conditions, and the long-term development strategy of his enterprise in his action and thinking. Thereby, he offended His Excellency the general manager. The question here is: Who has the final say, the general manager or the market? This is point one.

Point two, do corporate representatives who create enormous wealth for the state and are supported by the vast majority of workers need special protection? If the action of one or two persons has caused great losses to a good enterprise, what is the ability of the decisionmakers?

Point three, while the market economy certainly requires coordination, guidance, and necessary interference from the government, why is the government not able to protect corporate representatives and excellent managers like Liu Wei, who are commissioned operators of the state property, when they have not committed serious violations of law or discipline?

#### **Abuse of Power Is Not Rule of Law But Rule by Man**

Professor Yang Zhongwen [2799 0022 2429], vice chairman of Heilongjiang University Law Department

and secretary general of Heilongjiang Provincial Administrative Law Research Society, pointed out: Some laws, regulations, rights, and obligations are only embodied in the enforcement by administrative means, yet the execution of administrative means must be based on law, at least on regulations and policies. Otherwise, the abuse of administrative power will lead to rule by man, not rule of law. "The Liu Wei phenomenon" indicates that something went wrong in the mechanism for using capable people and using them well. The solution is that, first of all, we should adopt a concept of rule of law under the system of market economy; second, we must have a corresponding mechanism of constraint; and third, we must form a social atmosphere that matches those two. None of the three is dispensable.

#### **Commentator on Manager's Sacking**

HK2702133495 Beijing JINGJI RIBAO in Chinese 26 Jan 95 p 7

["Outsiders' Remarks" column by Zheng You (3630 0645): "See Through the Appearance to the Essence"]

[FBIS Translated Text] The sacking of Liu Wei, one of the 100 national outstanding young entrepreneurs and the factory director of Shiyitang Pharmaceutical factory, will inevitably attract the attention and concern of entrepreneur circles and relevant departments.

Protecting the legitimate rights of factory directors (managers) is a precondition for guaranteeing normal production operations by enterprises. In those state-owned enterprises in which the market mechanism is still not complete, it is particularly important that we establish defensive mechanisms for factory directors (managers). Today, no-one pays much attention to loss-making enterprises but profit-making enterprises, and especially those enterprises making large profits, are subject to frequent interference. This phenomenon is quite common in state-owned enterprises. The fact that after the Liu Wei incident many entrepreneurs made a joint call to the provincial party committee to resolve this problem is precisely a psychological reflection of their concern that the same thing will happen to them. They now refer to the occurrence of such situations in the state-owned enterprise employment mechanism as the "Liu Wei phenomenon." Their concerns are not unfounded. It is necessary to pay attention to protecting the long-term stability of the factory directors (managers) of profit-making enterprises and particularly those of enterprises which make large profits. This is in order to prevent situations whereby, due to claimed deficiencies or minor errors or using as the excuse that a manager should be transferred to a loss-making enterprise to give him a bigger challenge, there is frequent reassigning of the leaders of profit-making enterprises and this destroys the development advantages of the enterprises.

Following the continual deepening of reform and the sustained development of the economy, some enterprise

groups have been subject to "nameplate changing" reorganization by administrative organs. For such enterprise groups, how to construct a market mechanism based on standardized enterprise groups and joint-stock enterprises is a problem which needs to be seriously dealt with and earnestly resolved. For example, there needs to be clearer and more scientific borders, on the economic level and in terms of cadre management, between the group and companies within the group and between companies and subordinate enterprises. The various enterprises within an enterprise group should also be independent commodity producers and operators which decide on their own operations, take responsibility for their own profits and losses, and engage in self-restraint and self-development. They should always be on guard against any resurgence of the planned economy structure which would lead to dampening of the production and operational vigor of enterprises.

Today, we have repeatedly stressed the importance of establishing a guiding ideology which has economic construction as its center and we have stressed and required the establishment of a cadre employment system which places importance on the achievements of cadres. However, it will be a very arduous process ensuring that these ideas are fully implemented. Should we take economic construction as the center or should we take departmental interests, personal preferences, the will of the leaders, "prestige" and "face," or something else as the center? This is a problem in practical work which has not yet been completely resolved. The problem is still essentially the friction and clashing between the two structures and systems constituted by the market economy and the planned economy. Even the joint-stock enterprises have not yet fully taken in and absorbed the market mechanism and thus, in the same way, they may well see the occurrence of incidents similar to the Liu Wei phenomenon. The way to basically resolve this problem is to deepen reform and achieve a thorough switch in the operational mechanisms of enterprises.

#### **Employees Rejoice at Return of Sacked Manager**

HK2802112995 Beijing JINGJI RIBAO in Chinese 9 Feb 95 p 7

[By Di Fei (3695 7378): "Manager Liu Has Come Back"]

[FBIS Translated Text] Just before the Spring Festival, Liu Wei was reinstated!

When asked for some comments, Liu Wei gave a helpless smile and said: "What has happened has happened and is gone. Let us not talk about it anymore. We must look forward. The only thing I can think of is to work more diligently, make our enterprise better, make due contributions to boosting Harbin's economy, and live up to the ardent expectations of the leadership at various levels!"

It was still one or two days before the 1995 Spring Festival but to all the staff and workers in "Shiyitang, this time seemed to be more festive than the preparations for the festival.



Liu Wei had been reinstated. It had happened so suddenly and so unexpectedly that some workers could not believe their own eyes and could not believe this was true.

When they saw their good manager Liu Wei, whom they had missed day and night, had come back and it was for real, all the staff and workers, who had been tortured by perplexity and frustration for 49 days, had an outburst of emotion. Manager Liu is back! Manager Liu is really back!

They shouted and jumped for joy and lost no time in telling each other the news. Within 20 minutes, banners which read "Manager Liu, We Need You!" and "Manager Liu, All Staff and Workers at Shiyitang Welcome You Back!" appeared on the walls of the factory conference room.

At the welcome back party, a moved Liu Wei said: "Thank you, everybody, for your care, support, and trust in me! I will live up to your expectations and I will not let you down...."

He choked with emotion and could not continue.

At last, he returned to the staff and workers who had been on his mind day and night.

The 49 days and nights of missing and worrying about them, which was both a brief episode and a lengthy period of time, had caused him so much agony that he had lost 9 kg in weight, making him look one size thinner and a bit pallid. Seeing this, the staff and workers felt their hearts ache.

The prolonged applause and the tearful faces of everybody at the welcome back party seemed to convey a message shared by all that need not be expressed in words, that is, "Manager Liu, we see hope from the fact that you have been reinstated...."

The next day, on the five posts facing the front door of "Shiyitang" office building, four colored flags were flying on the four side posts, with the factory flag fluttering in the middle. The "Shiyitang" flag is normally raised only on major festivals and when receiving important visitors and senior leaders from the higher levels. However, the staff and workers raised the flag one day after Liu Wei had returned to the factory. The flag seemed to carry a live spirit and seemed to be smiling with the whole factory and displaying the glory of masters!

The staff and workers felt reinvigorated and their enthusiasm for work ran high. Everything was restored to the shipshape order that characterized Liu Wei's management.

On hearing Manager Liu had come back, one worker was delighted and said: "Tomorrow, I am not going to wear what I am wearing now and I will put on a tie as well!"

Another worker said: "My long hair and moustache need a trim."

One woman worker said in embarrassment: "I cannot wear such heavy makeup either!"

It was Liu Wei who had made all these "rules." In the factory no man is allowed to wear long hair or sport a moustache or beard; no bizarre clothes may be worn; men must wear suits, leather shoes, and ties; ladies must wear makeup but must not wear heavy makeup; everybody must use civilized language; and everybody must wear an identification badge while at their post.... These seemingly very strict, even harsh, "rules" which Liu Wei laid down in light of the characteristics of the pharmaceutical industry did not meet with any resistance from the staff and workers but, instead, were widely echoed and strictly implemented.

There is one case which all the staff and workers remember vividly and will never forget. In 1993, Liu Wei was told that a tuft of 12 bristles on a brush in one of the processing machines had disappeared. He demanded that all the products that could have been affected be put through a check. They spent a good three days and recovered all the 12 bristles from 200,000 traumatic injury tablets.

When it comes to the products of an enterprise, especially pharmaceutical products which affect human life, even if one in 10,000 has a quality problem, when it reaches the consumer, it will be a 100-percent substandard product.

The staff and workers understand that the reason their manager is so strict and attaches so much importance to the improvement of the overall enterprise culture is because he wants to ensure a better reputation for his enterprise and better product quality. From the bottom of their hearts, they respect and admire their manager for being so "circumspect" and astute [jing ming 4737 2494].

If such a manager makes a call, the staff and workers will of course all respond to it in unison, will they not?

And which worker would not support such a manager?

And which worker would not feel upset when such a manager was fired for no justified reason?

When they were interviewed, some workers told me: "The fact that Manager Liu was reinstated and that the mistake and inadequacy were put right in good time means the relevant leaders are wise. Only when things go like this can there be hope for enterprises and will the taking off of Heilongjiang's economy be possible!"

But there were also some others who were full of apprehension. One of them said: "I really feel anxious for Manager Liu. He is still under someone's leadership. Who knows what will happen to him? Maybe Manager Liu has a more difficult path ahead of him and may run into trials and tribulations 10 or 100 times worse."

While feeling happy about Liu Wei's reinstatement, several factory directors and company managers from the entrepreneurial circles also expressed their worries which were not entirely groundless: "Though 'Shiyitang' is at the same administrative level as the company, the 'game' may very well become quite tough for Liu Wei to play. No one can be sure how long Liu Wei will continue working in 'Shiyitang'." It is their fervent wish that the company managers will learn a lesson from this incident, truly renew their concepts and, working closely with Liu Wei, help run "Shiyitang" better.

#### **Enterprise Cadre Discuss Ideal Manager Qualities**

HK2802105395 Beijing JINGJI RIBAO in Chinese 6  
Feb 95 p 7

["Outsiders' Remarks" article by Xu Youbo (1776 0147 2672), cadre with the propaganda department of the party committee of Wuhan Railway Subbureau, Hubei Province: "For What Are Staff and Workers Longing?"]

[FBIS Translated Text] Each year, as the Chinese New Year approaches, the staff and workers in an enterprise who live on their wages, naturally wish that their unit will give them more yearend money awards, first to help cover their living expenses and second to give them more financial fluidity. But certainly as masters of socialist enterprises, they are by no means content only with getting bonuses from their unit. What they look forward to even more is the development of their unit and the entire economy of the society and the stability and steady improvement of economic efficiency. However, economic development requires skilled human resources. Therefore, fundamentally speaking, staff and workers hope that they will have a good leader. They are fully aware that only with a capable "boss" can they expect to line their pockets with enough money and therefore have their minds at ease and live happily without misgivings.

What kind of leaders do the staff and workers of enterprises wish to have? They do not want to have leaders who are concerned only with their own "pockets" and not those of the workers; who only work for immediate interests to the neglect of long-term interests; who take care of the interests of their small collectives, feather their own nests at public expense, or even pervert justice for bribes and cut the ground from under the foundations of socialism. They want and look forward to having leaders who are honest and diligent in performing their leadership duties; are concerned with the well-being of staff and workers, and lead them toward prosperity through hard work; or, in short, committed leaders who are capable of managing economic affairs, have both political integrity and professional expertise, and who have a strong sense of social responsibility.

We are bidding farewell to the old year and greeting the new year. The staff and workers hope that in the new year, the competent departments and leaders at the higher levels will follow the mass line as much as possible

and get rid of [nuo nuo wo 2180 2180 4519] those "bosses" who have neither political integrity nor professional expertise; who have risen to leadership positions by virtue of connections with influential people or have secured personal gain by currying favor with someone in authority; or whose units show no improvement on their economic performance year after year or eat their corn on the blade.

#### **Commentary on Concentrated, Integrated Growth**

HK2702050795 Beijing RENMIN RIBAO in Chinese  
16 Feb 95 p 2

["Short commentary": "It Is Good To Embark on Concentrated, Integrated Development"]

[FBIS Translated Text] The Ministry of Agriculture recently has designated a batch of 50 town and township enterprises as the country's industrial demonstration zones in order to guide the country's town and township enterprises toward concentrated and integrated development. This is very good indeed.

Since reform and opening up, the country's town and township enterprises, as "a new force suddenly coming to the fore," have made indelible contributions to rural economic development, and to national economic development as a whole. Nevertheless, the development of the country's town and township enterprises admittedly has been scattered, like "lamplight dotting villages, smoke dotting areas." There are more than 23 million town and township enterprises across the country at the moment, 90 percent of which are village-based enterprises. This situation has resulted in the waste of land, energy, raw and processed materials, and other resources, and has caused such problems as irrational industrial structure, irrational product mix, backward infrastructure facilities, and so on.

Concentrated and integrated development is an effective way of solving the problem of scattered development; a strategic measure for expanding the scope, upgrading, and raising the standard of town and township enterprises; as well as an objective requirement for shifting the focus of town and township enterprise development from quantity to quality. According to statistics, there are now nearly 40,000 different types of town and township industrial zones, industrial and trade zones, commercial and trade zones, and scientific and technological zones in the country, some of which already have been built, while others still are being built. These small industrial zones now have turned into a primary battlefield, where town and township enterprises grow, and small towns and cities evolve. Practice in many parts of the country shows that it is good for town and township enterprises to embark on concentrated and integrated development in those small zones. First, such development can save land resources by 5-10 percent, by virtue of comprehensive utilization; second, such development can help absorb and transfer surplus rural labor, thereby reducing the pressure brought on by "waves of mobile

laborers"; and third, such development can help assemble qualified personnel, technology, funds, and other essential production elements, thereby raising the utilization rate of essential production elements. Finally, such development can help enterprises develop a combined superiority, promote the comprehensive harnessing of environmental pollution, and build more rural markets, and more small cities and towns.

The 50 town and township enterprises designated by the Ministry of Agriculture as industrial demonstration zones have set fine examples for the country's town and township enterprises with respect to concentrated and integrated development. They are expected to promote healthy development among the country's town and township enterprise zones, and to push the country's overall town and township enterprise development onto a new stage.

#### **State Enterprises To Merge, Declare Bankruptcy**

*HK2702140295 Beijing ZHONGGUO XINWEN SHE in English 0936 GMT 27 Feb 95*

[FBIS Transcribed Text] Beijing, February 27 (CNS)—China will this year allow more state-owned enterprises with a low cost-effectiveness to be merged and go bankrupt, a move to accelerate the process of enterprise structure readjustment. According to an official of China's State Economic and Trade Commission, the above policy will be carried out, as an experiment, in 18 selected cities and breakthroughs are expected to be reached in this sector.

Last year, there was significant progress in the merging and bankruptcy process of state-owned enterprises. A number of enterprises were, after being merged, operating well. In the 18 cities selected for experiment, 51 state-owned enterprises were declared bankrupt by the court and another 82 were in the state of being declared bankrupt, involving dead debts of 1.1 billion yuan. Because of the incompleteness of related procedures, some enterprises, although declared bankrupt, had still not yet cleared their outstanding debts. These problems have to be settled within the year.

The official also pointed out that merging and bankruptcy were effective ways to promote healthy development of enterprises. In respect of this problem, the central government last year set aside seven billion yuan as a reserve fund to help enterprises. This year, the government will spend more on solving the debt-repayment problem by increasing the reserve fund to 15 billion yuan.

The State Economic and Trade Commission, together with the People's Bank of China, have worked out regulations on debtors and debtors of enterprises. Details of the regulations are under careful deliberation and are expected to be promulgated soon.

#### **'Largest' State Firms To Merge Into Groups**

*HK2802060695 Hong Kong HSIN WAN PAO in Chinese 13 Feb 95 p 2*

[Report: "State Economic and Trade Commission Has Decided to Transform 1,000 Large State-Owned Enterprises Into Large Groups and Large Corporations"]

[FBIS Translated Text] Beijing, 14 (HSIN WAN PAO)—According to authoritative departments, the State Economic and Trade Commission has recently decided to transform the 500 to 1,000 largest and most influential state-owned enterprises to enable them to become new large groups and large corporations.

It is being said that the State Economic and Trade Commission will join hands with the localities to restructure these large enterprises and improve their ability to operate on an appropriate scale and enhance their vitality and stamina for development through such innovative means as transforming their management mechanisms and systems. Moreover, the State will inject capital into these enterprises by such measures as circulating their property rights, absorbing shares, and absorbing foreign capital.

Statistical data show that, although these enterprises only account for 37 percent of China's state-owned enterprises, their output value accounts for 50 percent and their profits over 65 percent. China already set aside 56 large enterprises as pilot groups and that is an important part of implementing the "big corporation, big group" strategy. The pilot groups have operated for three years. It has been learned that, in keeping with this idea, efforts will continue to be made this year to break down the barriers between regions and between industries and to combine industry, science, and trade commissions in order to develop comprehensive business corporations and have one advantage supplement another advantage, plan for returns, and bring into play their other functions.

#### **'Mailbox' Explains State-Owned Assets Management**

*OW2702110595 Beijing XINHUA Domestic Service in Chinese 0233 GMT 23 Feb 95*

[XINHUA mailbox item by reporter Zhang Jinsheng (1728 6930 0524): "What is Business Management of State-Owned Assets?"]

[FBIS Translated Text] Beijing, 23 Feb (XINHUA)—Business management of state-owned assets refers to the planning, operations, management, and other activities conducted by the main holders of the property rights of state-owned assets to optimize the utilization of state-owned assets, to improve the efficiency of the utilization of state-owned assets, and to preserve and increase the value of state-owned assets.

The primary managers of state-owned assets are state-owned assets management departments of governments



at all levels and departments authorized by state-owned assets management departments. Primary units directly in charge of the business operations of state-owned assets include state-owned enterprises; holding companies solely owned by state-owned enterprises—including assets management companies, investment companies, and the parent companies of eligible enterprise groups—and collective enterprises, joint stock enterprises, enterprises jointly invested and operated by Chinese and foreign companies, and individuals, who have shares or who participate in the management of state-owned assets.

The mode of management of state-owned assets refers to the mode of the state's control over the business operations organized by the primary managers of state-owned assets, and to the way in which interests are shared between the state and state-assets managers. This is an important part of and a crucial link in the mechanisms for state-owned assets management. Currently, the main modes of state-owned assets management are management on a contractual basis, management based on a responsibility system, management on a lease basis, management on a shareholding basis, management of assets transferred from primary managers, management of assets entrusted by primary managers, management authorized by enterprises groups, and joint management. The best management mode should be chosen depending on the particular situation.

#### **\*Deng's Thought on China's Regional Development**

95CE0260A Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 12, 20 Dec 94 pp 15, 16-18

[Article by Xia Yulong, member of the Shanghai Academy of Social Sciences: "An Examination of Comrade Deng Xiaoping's Thought on China's Regional Development Strategy"]

[FBIS Translated Text] When Comrade Deng Xiaoping was creating the overall plan for China's reform and opening up, he showed deep concern for the question of choosing China's regional development strategy. In 1978 he proposed the idea of a regional development strategy of allowing a portion of the regions to improve their standards of living first so as to be the models and have the strength with which to bring other regions up along with them so that all the peoples nationwide could achieve prosperity relatively quickly. This is one of the landmarks of the historical transformations in the thinking on China's regional development strategy. Correctly comprehending and implementing Comrade Deng's thinking on regional development strategy, and effecting the rational overall arrangement of regional development, will have decisive implications for China's completion of the second phase of development strategy goals, and will exert tremendous influence upon the completion of the third phase of development strategy goals.

1. Comrade Deng Xiaoping's thinking on regional development strategy is a scientific summation of our nation's economic build-up, and especially of our historical experience in regional development strategies.

Prior to Liberation, our nation's economic regional distribution was extremely unbalanced; over 70 percent of the nation's industries were concentrated along the eastern seaboard in an area comprising less than 12 percent of the country's total land area. It was especially dense in Shanghai, Tianjin, and a small number of cities in Guangzhou, the central and southern portions of Liaoning, and southern Jiangsu. The industrial output value of the southwest, northwest and Inner Mongolia, which represented 68 percent of the nation's land mass, was only 9 percent of the nation's total.

After Liberation, in order to change this irrational regional distribution, and taking into considerations national defense security requirements, China elected to use a development strategy which called for an imbalance in speeds of development to achieve a goal of overall balance. In the area of industrial policy, taking into consideration the fact that old China leaned heavily toward the light and textile industries, heavy industries were the first to be developed.

As far as distribution, taking into account old China's lopsided coastal development, major projects were moved inland in order to stimulate economic growth in the hinterlands. After some 20 years of effort, by 1978, the ratio for the coastal areas in the nation's gross industrial product was 59.8 percent, having fallen some dozen percentage points compared with pre-Liberation days, while that of the interior had risen to 40.2 percent.

Thus it can be seen that some successes were gained from the great changes in the regional economic structure taking place after Liberation, and these basically were in accord with China's needs for economic development at that time and with the conditions of the international environment. To a definite degree these improved the distribution of the productive forces in this country.

However, during this period the build-up of the coastal regions was disregarded, and there was an impatient tendency to equalize regional development. At that time, using the modalities of the planned economy, the state took away a huge portion (at times exceeding 80 percent) of the profits of industries (primarily located in the coastal regions) and then concentrated the investment of these moneys in the interior regions.

The state also relocated some of the coastal industries to the interior. The result of these actions, because the conditions in some of the interior regions were inadequate and they lacked comprehensive support infrastructures which effected investment results, was that the investment was great but the resulting output was small. And on the coast, because of a lack of funds for expanding production and renewing equipment, the equipment became outdated, products remained

unchanged for a decade or even for decades, the industries were unable to fully utilize or give full play to the potential of the extant industrial base, which led to low efficiency and the hampering of the entire nation's economic development, and still could not solve the problematical contradictions between interior and coastal development. Comrade Deng Xiaoping summarized this historical experience incisively. After pointing out that at present there still are some areas which are underdeveloped and that the advanced regions have a responsibility to aid them, he states clearly: "We will persist in traveling the socialist road, and the fundamental goal is to realize common prosperity, but equal development is not possible. In the past we tried egalitarianism, all eating 'from one big pot,' and in reality found common backwardness, common poverty. We experienced this disaster. The first thing for reform is to abolish egalitarianism, to shatter the 'one big pot,' and now it looks as if this is the correct road."

2. Comrade Deng Xiaoping's thinking on regional development strategies is not only in accordance with the normal requirements of our nation's economic development, but at the same time also coincides with the character of the times and international realities.

As regards the problems in our nation's economic regional development noted above, Comrade Mao Zedong also was aware of them from an early date. In his "Ten Major Relationships" issued in April 1954 he points out: "Making good use of and developing the extant industrial base of the coast can provide us greater strength with which to develop and support industries in the interior. If we take a negative attitude, then we will hamper the speedy development of interior industries. So this also is a question of whether development of interior industries is a truth or a fiction. If it is true, and not fiction, then we must make greater use of and develop coastal industries, especially the light industries."

However, during the next 20 years this incisive understanding of Comrade Mao's was never truly realized in actual work. Why was this? Tracing the reason has intimate connections with our understanding of and judgments about the character of the times and the international situation. In the past we always followed the view, traditional since Lenin's time, of seeing the wars of imperialism and the proletarian revolution as the hallmarks of the present times, and reached the conclusion that world war was unavoidable. During that period the international situation and the international environment around China's borders was indeed comparatively tense and complicated. Under these conditions, we thus overestimated the threat of conflict, and put war preparations in the forefront in strategic policy decision making.

In order to counter the imminent danger of conflict, we divided all of China's regions into first, second and third line categories. We put our major projects in the west,

which would be our great strategic rear area, and we even moved some of the most key defense project out there, carrying out our build-up according to the principles of "use the mountains, disperse, and hide."

It is just as Comrade Deng Xiaoping pointed out: "In the past our view was that conflict was unavoidable, was in fact, imminent. A great many of our policies, including the construction and distribution of the first, second, and third lines, and the principles of 'mountains, dispersal, and caves,' were based on this viewpoint. Guided by this viewpoint, Comrade Mao Zedong's accurate statement quoted above could not possibly be realized."

After making a careful investigation and analysis of the world situation, Comrade Deng Xiaoping gives the opinion that "peace and development are the two major problems in today's world" changing the traditional viewpoint as to the hallmark of the age, and from this came the conclusion that "it is possible that for a relatively long period of time there will be no large scale world war, and there is hope for the maintenance of world peace." This changes the traditional outlook holding that "the threat of war is imminent."

From an evaluation of the world situation, this conclusion removed a major ideological barrier as regards surmounting egalitarianism in regional development and implementing policies which allow some regions to prosper first, and opened the path for more readily carrying out Comrade Deng Xiaoping's thinking on regional development strategies and implementing the reasonable regional distribution of the whole nation's economy.

Starting out from the overall situation both at home and abroad, Comrade Deng Xiaoping believes that China's development faces both rare opportunities and sharp challenges. This being the case, what sort of regional development strategy should be taken to allow us to both grasp the opportunities and meet the challenges? Obviously it is not possible to continue selecting the former regionally equalized development emphasizing a buildup of the interior. This is because the inland areas continue to have relatively large deficiencies as compared to the coastal regions in terms of geographical situation, overseas connections, industrial base, level of science and technology, and quality of the work force. It is still the coastal regions which are able to open up quickly and on a large scale, transform their mechanisms, attract foreign investment and technology, assimilate and learn from all the advanced forms of experience abroad which reflect the norms of modern socialized production and management methods, and take the lead in accepting East Asia's second major industrial shift. In light of this situation, after the 3rd Plenum of the 11 Central Committee in 1978, in keeping with Comrade Deng Xiaoping's thinking on regional development strategies, the state began to implement a policy bias in favor of the coastal regions, implemented a regional

development strategy in which the coast receives preferential development and gradually motivates the development of the interior regions.

3. In carrying out Comrade Deng Xiaoping's regional development strategy, and implementing a rational regional distribution, we must completely understand and support his "idea of common prosperity" and put into effect the corresponding policies and measures.

To allow some regions to prosper first is not a regional problem, but is a major strategic step towards and an organic component of the realization of Comrade Deng Xiaoping's "idea of common prosperity." Comrade Deng Xiaoping's "idea of common prosperity" is: "a few regions have the conditions allowing them to develop first, while some regions will develop a bit more slowly; those regions developing quickly will bring along the slower regions, and in the end all will achieve common prosperity. If the prosperous regions get richer and richer while the poor regions become poorer and poorer, polarization will occur, but the socialist system should and indeed is able to avoid such polarization."

How can we solve the problem of increasingly unequal prosperity between regions? Fundamentally speaking, it will be done by expanding the socialist market economy, allowing the essentials of production to move freely and rationally within the whole nation. Only if the essentials of production are allowed to flow freely in a nationwide unified market in accordance with comparative advantage, can the regions first reaching prosperity be able to vigorously pull along the regions developing more slowly. It must be noted that the strategy of regional development in evolving stages is linked to the innate connections between economies of regions which are at different stages of development; if this sort of innate linkage is lost, there will be no way for the different stages to mutually evolve. Comrade Deng Xiaoping has repeatedly instructed us to oppose closing ourselves off to the outside, to implement opening up policies, that is, opening up to foreign lands and opening up to our own hinterlands. Opening in both directions means "following the laws of the development of the social economy."

Once we are completely open to the hinterlands, and a nationwide unified market system is formed, the interior will only have to exert some effort to enhance their investment environment, and then can rely upon their superiority in cheap resources and manpower, rely upon their broad potential markets to attract in the technology, management and financing of the coastal areas, accept the transfer of industries from the coast and develop and better themselves, just as the coastal areas are presently doing in relation to foreign countries. This type of staged evolution "from overseas to the coast to the interior regions" coincides with the normal phenomena and trends of economic development. Naturally, we must also encourage the interior regions to seek and accept direct foreign investment and development and to make use of their natural resources and promote

their economic growth. The coastal regions should do as much as possible to provide for them the arena for interaction with foreigners.

Emphasizing the importance of the development of the socialist market economy and the formation of a nationwide unified market in resolving the enlargement of the difference in wealth and poverty between areas is not to exclude the state from doing its utmost to help the impoverished regions to change their backward status and to take this as its own unshirkable mission. As early as 1978 Comrade Deng Xiaoping also pointed out, at the same time he proposed the idea of allowing some regions to gain prosperity first and eventually achieving common prosperity, that: "Naturally, production and the lives of the people living in the northwest, southwest and other such regions is still very difficult, and the state should provide them assistance in various ways, especially in the provision of strong material support." Since the 3rd Plenum of the 11th Central Committee, the state has gone from relief type support to development type support for the poor, that is, to using market demand as a guide and relying on technological progress and the development of local natural resources to expand commodity production. Experience has shown this to be an effective way to fundamentally change the face of the impoverished regions.

As far as helping the impoverished regions and as a result the entire inland area, the coastal regions have their unshirkable duty to perform. How are they to provide assistance? Comrade Deng Xiaoping has given us some ideas. One is that "a single coastal province could make a contract with one or two inland provinces;" the second is that "those areas which become prosperous first could pay somewhat higher taxes and thus support the development of the impoverished regions;" and so forth. However, this aspect embodies questions of the amount of support given and the selection of the opportune moment to give it. In putting forth the first idea, Comrade Deng Xiaoping added: "You do not make the burden sudden and too great: in the beginning you could make some technological transfers." In presenting the second idea, he went on to say: "Doing this at too early a time also will not work." The reason for this is that "one must not debilitate the vitality of the developing regions, but also cannot prompt them to eat 'from one big pot,' otherwise we return again to the path of egalitarianism."

From the looks of it, as far as creating some dazzling solution to the problem of the rich-poor disparity between regions, at present the opportunity is not entirely ripe, and we must wait until the conditions have further matured. Then when, and on what basis can this question be prominently raised and resolved? Comrade Deng Xiaoping envisions: "if, by the end of this century we have not reached the 'comfortably well off' level, then this problem must be given prominence and be resolved." He went on to say: "In the final analysis, speaking of the nation as a whole, we certainly are able to



solve this problem of the disparity in wealth between the coastal regions and the interior smoothly." Looking at it from the aspect of China's economic development, we should be confident of this.

One aspect worthy of attention is that the difference in the stages of economic development between the coastal regions and the interior is only a type of macroscopic rough generalization; in reality, within the economically advanced coastal regions there are also backward regions; within the undeveloped regions in the interior there are some relatively well advanced regions. Because of this, when making nationwide macroscopic economic development arrangements, we must pay attention to giving full play to the motivator role of the coast in regards to the interior but also when making the economic development arrangements for a large area or for a province, we must pay attention to giving full play to the motivator role of the more developed parts of the area itself in regards to that area's lesser developed parts. In order to do this, the Central Committee decided to not only open up the coastal regions to the outside world, but also to open up the core cities situated along the rivers and in the interior as well as the regions along the major transportation routes.

This sort of strategic arrangement is more in keeping with the realities of China's regional development and more advantageous in giving full play, level by level, to the role of the developed regions in pulling along and aiding the areas where development is lagging, while at the same time allowing the interior regions to maximize their own growth limits and internal energy.

In summation, Comrade Deng Xiaoping's strategic thinking regarding regional development can be condensed into the following three points: 1. Allow a portion of the regions, those with the right conditions, to develop first, and gain prosperity first, and oppose egalitarianism. 2. The purpose of allowing some regions to gain prosperity first is to pull along and to aid the other regions to reach prosperity and in the end achieve common prosperity; we should and can avoid polarization: the state should provide assistance in all areas to the poorer regions, and especially give them strong material support. 3. As to how the areas first gaining prosperity are to aid the areas lagging behind, we should pay attention to using the appropriate amount and grasping the appropriate opportunity, but giving full play to the role of the front-runners in helping out those lagging behind is dependent upon a total opening up in respect to the interior areas of the nation.

#### Article Argues in Favor of Price Controls

HK2702034395 Beijing RENMIN RIBAO in Chinese  
22 Feb 95 p 1

[By staff reporter Pan Gang (3382 1511): "It Is With Good Reason That Commodity Prices Have To Be Kept Under Control—Second Comment on Curbing Inflation"]

[FBIS Translated Text] Collecting fees arbitrarily, monopolizing prices, seeking exorbitant prices, raising prices unreasonably, deceiving customers.... All these disorderly phenomena in the control of market prices seriously harm the interests of the masses, and to a certain extent they drive up the general level of prices. According to a calculation by the State Statistical Bureau, over 50 percent of last year's new price increases were arbitrary ones, most of which were caused by confusion in the pricing order.

This situation tells us that in order to curb inflation, it is necessary to strengthen the government's regulation and control of market prices, and to standardize market order. We must not hesitate or waver over this problem any longer. The government has, with good reason, to properly manage the market and control prices.

Prices are signals of the changes in supply and demand on the market. They also are levers for the allocation of resources. Price changes reflect the supply-demand pattern from time to time, and also effect changes in the economic interests of producers and business people, thus prompting them to adjust production and to use their materials where they are needed most in the market so they can improve social and economic efficiency. In order to pursue a market economy, we must free prices. However, freeing prices and establishing a price-control system are a mutually linked and mutually restricting organic whole. As the market is not omnipotent, there are times when it loses its functions and effects.

Judging from the role of prices in a market economy, on the one hand, they may be able to allocate resources effectively; on the other hand, however, they may be powerless.

First, at a time when inflation is serious, prices will fluctuate greatly and the general price increase will be large. If we only use the hand of the market during this time, it will take a comparatively long time for market prices to stabilize. However, serious inflation will greatly harm economic and social stability, and it is imperative to curb inflation. So we must use the hand of government, which can adopt necessary measures to stabilize prices in as short a time as possible. In addition to the factor of commodity supply and demand, other macroeconomic factors also affect the general price level, such as the financial, currency, credit, and foreign exchange factors. These macroeconomic factors are the economic levers in the government's hands. Since the market often cannot succeed in price control, the government must control prices to achieve a general balance in macroeconomics, and thus promote the stability of the general price level.

Second, in a market economy, some public products must not enter the field of competition, and must not be completely regulated and distributed by the market. Basic industries such as power supply, water supply, postal service, gas, and heating have the nature of natural monopolies, and must be managed by the government,

and the prices of these products must not be fixed arbitrarily by suppliers. Similarly, at the present stage in China, government must supervise the prices of some other industries, such as railway services and telecommunications, and must not allow them to act as they please.

Third, in the field of competition, prices are free, and are set by enterprises themselves. This does not mean, however, that they can raise prices as they wish, but that they must observe some rules. For example, they must act according to changes in supply and demand on the market, and must not act according to their own will. They must not monopolize prices and limit competition. They must not raise prices in a disguised form by supplying unreliable products, or fake and shoddy products. They must not spread untrue news, thus driving up prices. The rules must be formulated by the government, and those violating them will be punished by the government. Only with the presence of reasonable rules and strict supervision can enterprises' pricing behavior be standardized, and can the market order be standardized.

Fourth, some basic necessities vital to the people's livelihood—such as grain—have an exceedingly great influence on the people's livelihood, and on economic and social stability. Influenced by natural and geographical conditions, however, their supply is limited, and it is impossible to achieve a total balance between supply and demand as their prices increase. The government must supervise and control the prices of these goods, and must not wholly accept price fluctuations in the market. When it is necessary, the government must adopt emergency measures to avoid sharp price fluctuations.

In short, there is no reason not to control prices at all in a market economy. The view that in a market economy the government must not intervene in market prices is a lop-sided one. In today's world, one cannot find a country that pursues a totally laissez-faire market economy. The government must exercise a certain degree of intervention and control in the market in some fashion. China is pursuing a socialist market economy, and while letting the market play a full fundamental role in the allocation of resources, China also must exercise necessary macroscopic regulation and control. Strengthening macroscopic regulation and control appears to be more important, especially when the old system is changing to a new one, and when the market—where there are comparatively great fluctuations—is not fully developed.

The government, of course, must control market prices in keeping with the laws of value, and should use mainly economic means and necessary administrative means as a supplement. At present, it is necessary to adopt resolute measures to curb inflation. Moreover, it is necessary to vigorously develop the market, strengthen the formulation of market rules, standardize market order, and create a good environment for competition.

**Industrial Returns Analyzed, Improvement Urged**  
*HK2802060595 Beijing RENMIN RIBAO in Chinese*  
26 Feb 95 p 2

[By staff reporter Zhu Jianhong (2612 0494 4767): "State Statistical Bureau, State Planning Commission, and State Economic and Trade Commission Jointly Issue a Notice on Truly Improving Enterprise Production and Operations"]

[FBIS Translated Text] The State Statistical Bureau, the State Planning Commission, and the State Economic and Trade Commission have jointly issued a notice analyzing last year's industrial economic returns nationwide. The notice states that, although industrial production grew rapidly in 1994, economic returns failed to improve simultaneously. Last year, of the six indexes related to economic returns, three items increased and the other three dropped: while the profit rate on costs, labor productivity, and added value rate increased over the previous year's records, the industrial product selling rate, the rate of profits and taxes to capital, and the working capital turnover decreased to a varying extent as compared with the previous year. This indicates that the contradiction between high growth and low returns of the industrial economy has been further aggravated.

Industrial economic returns last year showed the following main characteristics: 1) Large- and medium-sized enterprises maintained relatively high economic returns, with their comprehensive economic returns index higher than the national average by 10.72 points. An analysis by economic sectors shows that the comprehensive economic returns index for state-owned enterprises was 1.88 points lower than the national average, which was primarily due to the fact that state-owned small enterprises were generally operating at a loss; collective-owned enterprises' comprehensive economic returns index was 2.74 points lower than the nationwide average level; while the index for enterprises of other economic sectors was 126.9 points. 2) While the economic returns of light industry was improved, heavy industry saw a decrease in their economic returns. The main reason for this was because the growth rate of light industry was higher than that of heavy industry, resulting in an increase in the overall economic returns on the part of light industry, but the comprehensive economic returns index for heavy industry was still higher than that for light industry. 3) The southeastern coastal areas were still enjoying higher economic returns than the hinterland.

The three government organs' joint notice states that the overall economic returns of industry in China are still low and obviously bear the special characteristics of the "returns-through-growth type" [su du xiao yi xing 6643 1653 2400 4135 0992] of economy. The main reasons for the low rate of capital employed and the slowdown in working capital turnover last year were the excessively large amount of mutual debts in arrears between enterprises and the excessive amount of funds locked in finished goods. The latter factor brought heavy interest

charges to the enterprises. Last year, the total amount of interest expenses borne by enterprises was as high as 148.77 billion yuan, accounting for 10.4 percent of the total added value contributed by industry. Meanwhile, the shortage of funds crippled normal industrial production as well as the growth in enterprises' economic returns. Besides, the coordination between production and sales of industrial products needs to be further improved. To cope with these prominent problems in economic operations last year, it is necessary to start the efforts by attempting to turn deficits into profits and to activate circulating funds, thus truly improving enterprise production and management.

### State Assets Increase to 3,495 Billion Yuan

HK2702050795 Beijing ZHONGGUO ZHENGQUAN  
BAO in Chinese 13 Feb 95 p 1

[Report from Beijing: "Total State Assets Reach 3,495 Billion Yuan"]

[FBIS Translated Text] At the ceremony held a few days ago for the first issue of the book "ABCs of Administering State Property," Pan Yue, director of the National State Property Administration, said that by the end of 1993, China's state assets had increased to 3,495 billion yuan from 20 billion yuan in the early days of the People's Republic.

Of the total state assets, operating assets account for 74.5 percent, and non-operating assets to 25.5 percent.

China's state assets come mainly from four sources: 1) The assets the state obtained and confirmed according to law; 2) Invested funds and their proceeds; 3) The assets formed by the funds provided to administrative institutions by the state; and 4) Presents accepted.

Pan pointed out: In the final analysis, state assets mean "our family property accumulated over a long time." The assets are the fruit of the labor of people of all nationalities in China; a solid foundation for our socialist system; and the "starting line" from which our people are advancing toward a fairly comfortable living standard, seeking prosperity, and stepping up to the new century. We must do a good job in administering and using them.

He continued: Preventing losses of state assets, and ensuring that the value of state assets is preserved and increased embraces a huge set of systematic projects. The work has to be understood and supported by the greatest possible number of members of society so that they will reach a consensus on the administration of state property, and will exercise supervision over it.

### Statistics Show Growth of Pharmaceutical Industry

OW2502082195 Beijing XINHUA in English 0738  
GMT 25 Feb 95

[FBIS Transcribed Text] Beijing, February 25 (XINHUA)—China's pharmaceutical industry has made big

strides in the past few years, according to the State Pharmaceutical Administration (SPA).

Statistics show that the industry has been growing with an average annual increase of 23.3 percent in terms of output value in the past four years. In 1994, the sales volume of the industry reached 55 billion yuan (about 6.55 billion U.S. dollars) and the amount of profits reached 10.5 billion yuan (about 1.25 billion U.S. dollars).

According to the SPA, state-owned large and medium-sized pharmaceutical enterprises, 22 percent of the country's total, are still the mainstay of the industry. Some Sino-foreign medical joint ventures have played an increasingly important role for the development of the industry.

In 1994, the industrial output value of the state-owned large and medium-sized pharmaceutical enterprises accounted for 65 percent of the industry's total.

### Mechanical Equipment Sought for Infrastructure Schemes

HK2602074095 Beijing ZHONGGUO XINWEN SHE  
in English 0250 GMT 25 Feb 95

[FBIS Transcribed Text] Beijing, February 25 (CNS)—As lots of large-scale projects have been put under construction in China, demand for mechanical equipment is greater than ever and a blooming market for such equipment is predicted.

At present in the power industry sector, forthcoming and current large-scale projects include the Three Gorges (of Yangtze River) project and sixteen hydro-power plant projects in the Yellow River valleys, Xichuan and north-east China. There are also several large-scale coal-fired and nuclear power plant projects under planning.

In the railways and highways sector, ten large-scale railway projects will commence or have been commenced. It is expected that before 2000, the Beijing-Dandong Expressway, Beijing-Guangdong Expressway, Harbin-Ningpo Expressway and four other major expressways linking up the whole country will be completed.

There are over 1,000 economic development zone projects across the country with zones of Pudong, Yangpu and Huichun being the largest ones. In addition, the country has port projects with a handling capacity of 200 million tonnes and a large batch of coal mine and water conservancy projects.

### New Economic Growth Along Beijing-Kowloon Railway

OW2802012695 Beijing XINHUA in English 0115  
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—The construction of the Beijing-Kowloon



Railway has breathed new life into economic expansion along the entire line over the past two years.

There are signs that a new economic development zone is taking shape along the path of the railway, which is expected to be completed by the end of this year.

The railway is the third north-south trunk line in China, with a total length of 2,381 km, connecting 98 cities and counties in nine municipalities and provinces, at an investment of more than 30 billion yuan.

Most of the areas have agricultural, mineral, or tourism resources but were economically backward because of a lack of transportation facilities.

Since 1993, construction on the line has promoted local industry and agriculture thanks to the need for construction materials and daily goods, and has offered job opportunities for local people.

Overseas investors have also come to see the potential for economic development in these areas.

#### **New Railway Facilitates South-North Communication**

OW2502094095 Beijing XINHUA in English 0924  
GMT 25 Feb 95

[FBIS Transcribed Text] Hefei, February 25 (XINHUA)—A new railway trunk line running through 13 cities and counties in central and south China was completed Friday [24 February].

The 322.5-km railway line starts from Huangmei County in central China's Hubei Province and ends at Jiujiang City in east China's Jiangxi Province. It cost 2 billion yuan to build and has a designed annual freight transport capacity of 17 million tons.

This was the country's first railway project built with funds provided by the central government, localities and enterprises.

As a new artery linking north with south China, the new line will alleviate tension on the Beijing-Guangzhou and Beijing-Shanghai railway lines.

Its operation will stimulate economic development of areas along the railway line, especially mountainous areas in Anhui.

#### **Ten Key Railway Projects Make Smooth Progress**

HK2502061695 Beijing ZHONGGUO XINWEN SHE  
in English 1214 GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (CNS)—Great strides have been made in the ten key railway construction projects undertaken by the Ministry of Railways of China during the last three years of "the Eighth Five-Year Plan" period (1990-1995); construction has been completed in some projects and remarkable achievement been made in the others.

The Beijing-Kowloon Railway with a total length of 2,538 kilometres is the Ministry's number one railway project, and is also the longest railway line designed to be completed within one construction period, receiving the greatest investment in the history of China's railway construction. Work on the railway began in 1993, and it is scheduled to be completed this year.

The 1,622 kilometre long Lanzhou-Xinjiang double track railway, passing from Wuwei of Lanzhou through to Urumqi of Xinjiang, opened to traffic in last September. The line is expected to contribute significantly and enable economic development of Xinjiang, Gansu and other northwest regions as well as consolidating frontier defence in the northwest.

The Baoji-Zhongwei Railway with a total length of 498 kilometres is an electric railway, and is another new route to shortly serve northwest China. It was completed in last June ahead of schedule and will be put into operation later this autumn.

The first stage project of the 252 kilometre long Houma-Yueshan Railway, stretching from Shanxi Province to Henan Province, was finished in last November and the entire line will be built into an electric railway.

The Hangzhou-Zhuzhou double track line with a total length of 912 kilometres is expected to be open to traffic this year, forming a transport line passing through east and central China.

The 898 kilometre long Nanning-Kunming Railway is scheduled to be finished in 1997, opening a convenient exit to sea for Yunnan, Guizhou and Sichuan provinces.

The second stage project of Datong-Qinhuangdao Railway, stretching Shanxi and Hebei provinces, was checked and accepted by the State in 1993; the supplementary projects to the Railway can be expected to be completed this year.

The extension project of the Beijing-Guangzhou Railway has also made new progress with the Zhengzhou-Wuchang electrified railway section, stretching from Henan to Hubei Province, now opened to traffic. The Beijing-Zhengzhou section is scheduled to be opened this year, with construction on the southern electric railway section of the Beijing-Guangzhou Railway, as well as the renovation project on marshalling yards of north Zhuzhou, north Hengyang and north Guangzhou speeding up.

The Chengdu-Panzhihua section of the 1,100 kilometre long Chengdu-Kunming Railway will be electrified this year. Complete electrification of the line is scheduled for the period of "the Ninth Five-Year Plan," covering 1995-2000.

The Xian-Ankang Railway will become part of a new main line linking the south with the north. Its completion will greatly facilitate coal transportation into southwest China from Shanxi, Shaanxi and Inner Mongolia,

and is significant to the economic development of Sichuan and south Shaanxi. The key project to this Railway, the Qinling Range Tunnel, started construction on January 18 this year.

In addition, the Beijing West Railway Station is expected to be completed by the end of this year.

Spokesman of the Ministry of Railways said it was estimated that by the late "Eighth Five-Year Plan" period, some 6,000 kilometres of new railway line and 3500 kilometres of double track lines would be completed, and 2600 kilometres of railway would be electrified.

### Construction of Key State Projects Stepped Up

OW2702170095 Beijing XINHUA Domestic Service in Chinese 2104 GMT 23 Feb 95

[By reporters Zhang Jinsheng (1728 6930 0524) and Li Anding (2621 1344 1353)]

[FBIS Translated Text] Beijing, 24 Feb (XINHUA)—China continued to step up the construction of key projects in 1994. A total investment of 105.1 billion yuan was made in 151 key state construction projects in the year, fulfilling 102 percent of the annual investment plan, and increasing by more than 30 billion yuan as compared with 1993.

It is reported that in 1994 the state concentrated its efforts on ensuring the construction of key projects and made remarkable success in that construction while exercising greater macroeconomic regulation and control over investment and drastically cutting down new construction projects. For the 151 key projects, the actually used investment was 104 billion yuan, accounting for 100.9 percent of the year's plan, up 3.2 percentage points over 1993. Seventy-two key state construction projects and single items were completed last year.

The construction of infrastructure including railroads, ports, posts and telecommunications was accelerated. The construction of the 2,400-kilometer-long Beijing-Jiulong [Kowloon] Railroad is in full swing. Its large and middle-sized bridges, major tunnels, and control facilities have been basically completed. The double-tracking of the 1,600-kilometer-long Lanzhou-Xinjiang Railroad and the electrification of the 500-kilometer-long Baoji-Zhongwei Railroad have been completed. Last year, the country saw completion of new construction, double-tracking and electrification jobs for a total of 2,194 kilometers of railroads. It also saw increases of coastal ports' loading and unloading capacity by 22.90 million tonnes and telephones by 12 million.

In the construction of water conservancy projects, the preparatory-stage engineering jobs for the Three Gorges Project proceeded smoothly, and the construction of the project formally started at the end of 1994. New progress was also made in the construction of other water conservancy projects. The trunk canal in the project for

diverting water from the Datong River to the Qin Basin in Gansu Province has formally begun diverting water. It is China's largest transregional gravity irrigation project. The 87-kilometer-long irrigation canal, running through 33 tunnels with a total tunnel length of 75 kilometers and diverting 32 cubic meters of water per second, is a magnificent feat in the history of China's water conservancy project construction. It will greatly improve productivity and living conditions of central Gansu, a poverty-stricken area with a water shortage problem and turn the Qinwangchuan area into an important production base of grain and nonstaple foods in Gansu Province. In the field of power industry, the country put into operation some large and medium-sized generator sets with a total capacity of 11.74 million kilowatts last year. They included two 300,000-kilowatt generators at Geheyan Hydroelectric Power Station and a 600,000-kilowatt generator at the Beilungang Power Plant.

The second-phase of the Three Norths Shelterbelt Networks [an afforestation project covering northwest, north, and northeast China], a project attracting worldwide attention, was completed one year ahead of schedule. The newly cultivated 200 million mu of shelter forest will yield important effects on industrial and agricultural production, people's livelihood and ecosystem for a long time.

### On-Line English Service on Auto Industry Launched

OW2802012795 Beijing XINHUA in English 0111 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—Info China, an arm of the XINHUA NEWS AGENCY, is to launch on March 1 an English language on-line service on the latest developments in the country's automobile industry, market and trade.

Named as "China Auto 2000," the service offers news stories, features and statistics every weekday through E-mail or fax to subscribers in and outside China. It also categorizes stories and statistics every month into different columns in disk format, which will be sent to subscribers at the beginning of the following month.

Capitalizing on XINHUA's extensive information network and with access to authoritative sources, "China Auto 2000" provides forecasts for auto production and marketing, news about foreign business activities in China, and government policies and regulations. It also reports on monthly basis output statistics of major Chinese auto makers and import and export statistics on automobiles and parts in addition to sales and prices.

### Finance & Banking

#### NPC Standing Committee Revises Taxation Law

OW2802082995 Beijing XINHUA in English 0705 GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—A revision was made to China's Taxation Law

today to take into account the reform of the taxation system, which started last year in which a value-added tax was introduced.

The revision was approved by the National People's Congress [NPC] Standing Committee today at the concluding meeting of its 12th session.

The new version provides that the enterprises to print VAT invoices be designated by the Taxation Bureau under the State Council; the other invoices can be printed under authorization of tax bureaus of provincial-level governments.

The original text says tax receipts of all kinds can be printed with the authorization of provincial government agencies.

The move was also intended to tighten control over tax collection, and defend the economic order.

China's Taxation Law was adopted by the Seventh NPC Standing Committee September 4, 1992.

#### **NPC Expected To Adopt Ruling on Company Law Violators**

OW2702145295 Beijing XINHUA in English 1357  
GMT 27 Feb 95

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—A decision on punishing those guilty of infractions of the Corporate Law is expected to be adopted by the the top legislature when the National People's Congress Standing Committee concludes its 12th session Tuesday [28 February].

This was disclosed by Xue Ju, chairman of the NPC Law Committee, today, in reporting the results of the past several days' deliberations to the on-going session.

The decision is very much needed to deal with the considerable number of company owners and share holders who make false claims about investments, or who sell securities without permission, or conceal the amount of property in case of bankruptcy, Xue explained.

"Clear-cut and suitable penalties should be spelled out for criminals to see in order to defend the economic order and implementation of the Corporate Law," he said.

As to the widespread false claims about investments, Xue said, company owners will be allowed a fixed time to total up their monetary input or register their total amount.

The decision is intended for punishing violations committed after it takes effect, and will not be an ex post facto law punishing crimes that occurred before that date, he said.

Those definitions of which amounts are considered large or which actions are serious will be set by the Supreme People's Court and the Supreme People's Procuratorate, Xue explained.

#### **Official Discusses Securities Market Growth**

OW2602020795 Beijing XINHUA in English 0058  
GMT 26 Feb 95

[FBIS Transcribed Text] Beijing, February 26 (XINHUA)—Setting up a Global Depository Receipt (GDR) market should be one of the best ways to develop China's securities businesses, said a securities expert here today.

Bei Duoguang, deputy director of the International Operation Department of the China Securities Regulatory Commission (CSRC), said that a GDR market will help regulate domestic securities businesses in line with international practice.

However, he said the country's securities market is now in the transition period, and implementing a stable policy is important in ensuring a stable development.

He said that China will not change the existing market system in the years to come.

Since 1991, China has developed various securities markets of A shares, B shares, H shares and N shares.

As Bei put it, the markets are still in their infancy, and it is impossible to open them completely to the international capital market.

In addition, China is unable to establish a GDR market right now because of a lack of necessary knowledge and experts, according to Bei.

"But we know that it's unrealistic to separate the markets of different shares, since all markets share the same information disclosure," said Bei.

"We can see in daily operations that any fluctuation in the A-share market, for instance, will produce an impact on B- and H-share markets, and a separation itself is against international practice," he noted.

By the end of 1994, China had 289 A-share listed companies, 58 B-share listed companies, 15 H-share listed companies and two N-share listed companies.

Bei said that in order to attract overseas investors, the country needs to further develop the B-share market while steadily lifting the H-share market.

"We will not consider merging these markets overnight, it's a long-term strategy," he said.

Talking about attracting overseas funds directly in the A-share market, Bei said that such operation could hardly be carried out now, since the Renminbi yuan is still unconvertible.



**Statistics Bureau Issues 'Communique' on Finances***OW2802112595 Beijing XINHUA in English 0934  
GMT 28 Feb 95*

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—China's financial situation was basically normal last year, with savings deposits growing rapidly and credits for supporting state key construction projects, adjusting industrial structures, financing productive and efficient state-owned enterprises and for importing and storing state major materials increasing, according to a communique issued today by the State Statistics Bureau.

The communique, which sums up the past year's economic and social development in China, said that at the end of last year savings in various forms in state banks totalled 2,932.8 billion yuan, an increase of 794 billion yuan or 37.1 percent over the figure at the end of 1993.

Of the total, the communique said, savings of enterprises accounted for 1,146.7 billion yuan, some 273.5 billion yuan or 31.3 percent more than at the end of 1993.

Last year, the banks extended 3,160.3 billion yuan-worth of net loans, said the communique.

At the end of 1994, the total money in circulation came to 728.9 billion yuan, up 24.3 percent over the previous year, while the amount of money supplied in 1994 was 142.4 billion yuan, and the broad money (M2) rose by 34.4 percent over the previous year, according to the communique.

The communique said that by the end of 1994 the savings deposits of urban and rural residents had reached 2,151.9 billion yuan, an increase of 631.5 billion yuan or 41.5 percent from the figure at the end of 1993.

China's foreign exchange reserves also increased by a large margin last year, the communique said. China had 51.6 billion US dollars in cash at the end of last year, an increase of 30.4 billion US dollars from the beginning of last year.

The communique said that China also made great progress last year in insurance services.

It said that the total premiums from coverage of various kinds totalled 11,173.5 billion yuan last year, up 30.1 percent over the previous year.

**Bank To Issue 1990 Edition of One-Yuan Notes***OW2702144995 Beijing XINHUA in English 1339  
GMT 27 Feb 95*

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—The People's Bank of China, the central bank, will issue the 1990 version of the one-yuan banknotes starting March 1, the bank said in a notice released here this afternoon.

The issuing of the notes was approved by the State Council, China's highest governing body. One yuan is equal to about 0.12 U.S. dollars.

The notice, signed by the head of the central bank, Zhu Rongji, who is also a vice premier, said that the 1990 version will circulate simultaneously with the 1980 banknotes, which are now predominant.

"No units or individuals should refuse either version," the notice added, explaining that the two versions are slightly different in color shading and in the way they are printed.

**Hebei Governor Comments on Banking Work***SK2702082195 Shijiazhuang HEBEI RIBAO in  
Chinese 12 Feb 95 pp 1,3*

[By Liu Wenbo (0491 2486 3134), Lin Liying (2651 0500 5391), and Xiao Shuangsheng (5135 7175 0524): "Governor Ye Liansong Speaks at the Provincial Banking Work Conference"]

[FBIS Translated Text] In his speech at the provincial banking work conference which ended on 11 February, Governor Ye Liansong stressed that in the new year, the various levels of banking departments across the province should satisfactorily accomplish the state-assigned tasks for macroeconomic regulation and control, resolutely implement the policy on appropriately tightening the currency, control inflation, and support Hebei's economic development. Guo Hongqi, vice governor of the provincial government, chaired the closing ceremony. Ning Quanfu, vice chairman of the standing committee of the provincial people's congress, attended the conference. During the conference in session, Wan Hongqiang, president of the provincial people's bank, also made arrangements for this year's banking work.

Ye Liansong said: In 1994, our province has made key headway in economic construction thanks to the prominent contributions made by the banking departments at various levels. On behalf of the provincial party committee and government, I expressed regards and thanks to the broad masses of cadres and workers on the banking front.

Ye Liansong pointed out: The year 1995 is the last year to implement the Eighth Five-Year Plan. Achieving the 1995 banking work is of extreme importance to satisfactorily accomplishing the Eighth Five-Year Plan of the province and smoothly implementing the Ninth Five-Year Plan. Therefore, in the new year, the banking departments at various levels should accomplish the state-assigned task for macroeconomic regulation and control and better support Hebei's economic development. He said: The 1995 national banking work guiding ideology has clearly been defined. That is, "carry out the policy on appropriately tightening currency, further intensify the supervision over and the management of the banking, improve the banking service, and resolutely control inflation. This is completely accurate. The cadres

and workers of the governments and banking departments at various levels should comprehensively understand and implement this guiding ideology.

Ye Liansong said: Each and every bank takes on two kinds of functions. One is to implement the state-assigned functions for macroeconomic regulation and control. The other is to collect more funds to promote the development of the economy. Therefore, to carry out the policy on appropriately tightening the currency, on the one hand, we should take into consideration the current economic situation characterized by inflation and excessive increase in price index and resolutely attach primary importance to stabilizing goods prices and controlling inflation; on the other hand, we should understand that there is a strain on the capital for economic construction. The banking departments at various levels should also try every possible means to collect funds to support local economic construction.

To this end, Ye Liansong set forth seven special tasks: First, we should accomplish the state-assigned task for macroeconomic regulation and control, carry out the policy on appropriately tightening the currency, control inflation, and reduce the price index. Second, we should activate the use of sources of capital, tap capital potentials, and enhance circulation of idle capital. To achieve this work, we cannot only rely on the efforts of banks. The prefectural and city governments should exert great efforts to support this work. Third, we should continue to strive to expand sources of capital. Fourth, we should improve the banking service, assimilate more bank savings, and increase our province's capital supply volume. Fifth, we should deepen reform and make a big stride for the reform of the banking system. 1) The proportions of assets and liabilities should be managed in a well-planned and step-by-step manner. 2) Shijiazhuang city should positively achieve the trial establishment of the urban cooperative bank, and other cities and prefectures should positively organize and set up urban credit cooperatives so as to lay a foundation for preparing to establish cooperative banks. 3) We should positively strive to be banking open cities and develop foreign-capital and joint-funded banks in Shijiazhuang city that has opened its banking to the outside world with the approval of the State Council. 4) We should pay firm attention to organizing and setting up the provincial agricultural development bank. 5) We should attract the nationwide commercial banks to set up branches in our province. 6) We should positively strive for state approvals for the establishment of inter-bank companies. Sixth, the provincial-level departments and various cities and prefectures should positively report to the several major banks of the state so as to strive for capital. Seventh, the People's Bank should continue to bring the central bank's functions into play.

During the conference, Wan Guoqing, president of the provincial people's bank, made arrangements for 1995's banking work. The conference defined the guiding ideologies of the 1995 banking work, as follows: Conscientiously implement the guidelines of the national banking

work conference, resolutely implement the policy on appropriately tightening the currency, further intensify supervision over and management of banking, improve the banking service, and resolutely control inflation. The banking work priorities are as follows: Vigorously organize bank savings; increase sources of credit capital; enliven existing capital sources; strengthen the circulation of capital; make full, flexible, and good use of credit scale; readjust the credit structure; increase input in agriculture; intensify the examination, supervision, and management of banking; persist in the division of lines of banking work; stabilize the banking order; further promote the reform of commercial banks; improve the banking service; upgrade the quality of credit assets; deepen the reform of the insurance system; develop insurance undertakings; perfect the foreign exchange buying and selling system; and consolidate and develop the achievements in reforming the foreign exchange system.

Wan Guoqing stressed: To achieve the 1995 banking work, the banking departments should seek unity of thinking, coordinate their steps, work in close cooperation with one another, enhance unity, and accurately grasp the following tasks in their work: First, the control over inflation should be placed at the fore of banking work. Second, we should accurately understand and conscientiously implement the policy on tightening control of currency. This policy is not one governing a trade, but one governing the overall economic work set forth by Comrade Jiang Zemin according to the current grim situation characterized by inflation at the central economic work conference. Appropriately tightening the currency does not mean bringing everything to a halt or demanding uniformity in everything. To tighten control of currency, we should base ourselves on controlling the aggregate, readjust structures, and upgrade quality and benefits. Banking departments should accurately and deeply understand the internal meaning of the policy on appropriately tightening control of currency and realistically carry out this policy. On the one hand, banking departments should strengthen the analysis and study of the macroeconomic operation situation, correctly grasp the pulse of economic development, and grasp the "degree" of currency and credit input; on the other hand, we should vigorously support agriculture and other "bottleneck" industries according to the state industrial policies, firmly control investment in nonproductive fixed assets, and control the loans granted for the output of the products "in full and excessive supply." Third, we should maintain a good banking order. Fourth, banks should bring into full play their role as the main channel for collecting and circulating capital.

Wan Guoqing set forth seven work measures to realize the aforementioned tasks and requirements:

1. Strengthen and improve macroeconomic regulation and control of the banking work, and resolutely control inflation. We should control the aggregate of credits, strictly manage the proportions, strictly control the loans

granted for fixed assets, improve the policy means for macroeconomic regulation and control, achieve the regulation of money supply, and strengthen the management of cash.

2. Positively collect funds, make good management and use of loans, and support economic development. We should vigorously organize bank savings, expand credit capital sources, optimize the credit structure, ensure the supply of capital for major economic development projects, enliven deposits of capital, speed up capital turnover, intensify the management of risk-taking mechanisms, and increase the benefits from use of capital.

3. Further deepen the reform of the banking system and perfect banking's organizational system. We should realistically change the functions of people's banks, actually build the people's banks into central banks, steadily promote the reform of the state-owned commercial banks, achieve the organization and setup of policy-lending banking organizations, strive to have the national and regional commercial banks set up branches in our province, consolidate and standardize urban and rural credit cooperatives, create conditions for organizing cooperative banks, deepen the reform of the insurance system, and vigorously develop insurance undertakings.

4. Realistically strengthen the supervision and management of banking work and safeguard the stability of the banking order. We should conscientiously implement the currency and credit policies and rules, resolutely manage banking work on a divided basis, intensify the examination and supervision of banking work, ensure a safe and effective operation of the banking system, deeply consolidate the order of settling accounts, resolutely prevent nonbanking organs from handling banking business, and strengthen the setup of the legal banking systems.

5. Further strengthen and improve the management of foreign exchange. Banks should perfect the foreign exchange buying and selling system and strengthen the management of foreign exchange buying and selling activities. We should further strengthen the management of capital items, perfect the statistics of foreign exchange income and spending, and carry out the international foreign exchange income and spending report system. Strictly according to the arrangements made by the People's Bank and the General Foreign Exchange Management Bureau, we should realistically achieve the winding up of foreign exchange certificates and the abolition of foreign exchange quotas.

6. Strengthen the "three-control and one-guarantee" work and achieve basic work. We should do a good job in investigation, study, statistics, and analyses to serve the making of banking policy decisions and banking; accelerate the pace of computerizing banking; and strengthen the "three-control and one-guarantee" work.

7. Persist in the policy of "taking a two-hand approach and being sure that both hands are tough" and further

strengthen the construction of the contingents of bank workers. We should conscientiously study the guidelines of the third and fourth plenary sessions of the 14th party Central Committee as well as the first, second, and third volumes of the "Selected Works of Deng Xiaoping" and arm our heads with the theory on building a socialism with Chinese characteristics. We should strengthen the organizational construction of the party, bring into full play the party organizations' fighting-force role and the party members' exemplary vanguard role, deeply wage the struggle against corruption, further strengthen the improvement of party style and administrative honesty, further strengthen the construction of the contingents of bank workers, and upgrade the general quality of the worker contingents in banking.

#### Tibet Benefits From Bank Loans

OW2502081895 Beijing XINHUA in English 0724  
GMT 25 Feb 95

[FBIS Transcribed Text] Lhasa, February 25 (XINHUA)—Southwest China's Tibet Autonomous Region exerted great efforts at developing basic industries, rural enterprises, and agriculture and animal husbandry by providing enough bank loans during the previous year.

Loans for agricultural and pastoral areas in the region totalled 452 million yuan last year, 231 million yuan more than in 1993.

Financial departments in Tibet provided 140 million yuan for 18 local money-losing enterprises, five of which have begun to show a profit.

More than 3,870 poverty-stricken households benefited from bank loans over the past year, 1,400 of them earning per capita income of 2,177 yuan.

Bank officials said sufficient loans were made possible also by fast accumulated savings deposits which amounted to 5.25 billion yuan at the end of 1994, 1.99 billion yuan more than the previous year.

Construction of a group of key projects, including the Yanghu Power Station and highways extending to Qinghai and Sichuan, have been going smoothly during the past year, local officials said.

#### Foreign Trade & Investment

##### Guangdong Action Against Copyright Piracy

HK2802051895 Hong Kong HSIN PAO in Chinese 28  
Feb 95 p 6

[Report: "Guangdong Makes Active Preparations To Crack Down on Reproduction and Copyright Infringements"]

[FBIS Translated Text] Since China and the United States concluded their new agreement on protecting intellectual property rights [IPR], Guangdong Province



has been actively making preparations for more effectively cracking down on copyright piracy. It has been learned that four enterprises producing compact discs recently were ordered to halt operations. In addition, the authorities will take such new measures as increasing the manpower of the copyright administration, and beginning to investigate and eliminate the pirating of computer software and video products.

Liu Bansheng, director of the Copyright Section of the Guangdong Provincial Copyright Administration, said that Guangdong Governor Zhu Senlin would attend a meeting in Beijing on 1 March which would discuss concrete actions to implement the new Sino-U.S. agreement on IPR protection. In addition, the provincial copyright administration is applying for a new post of deputy director in charge of the work to crack down on copyright piracy. Meanwhile, the institution also required that the number of staff responsible for this crackdown be increased from seven to 15.

#### **Extending the Crackdown to Software and Movie Piracy**

After actions against compact disc piracy for several months, Liu Bansheng said the Copyright Administration has controlled more and clearer information about such piracy activities. The targets of the investigations in the next stage will be mainly computer software, movies, and arts and crafts. As it is easier to pirate computer software than music discs, the work of cracking down on software piracy will be more difficult. He said that the Chinese Government and the federation of commercial software manufacturers recently took joint action to search for pirate computer software, and that such actions will continue.

In addition, Guangdong Province will give copyright education to the market by holding a series of exhibitions. Such educational and propaganda activities began on 26 February, and will last until June this year.

Liu Bansheng hoped that working contacts would be made with Hong Kong's Customs and IPR management organ within the year in order to increase cooperation and coordination.

In addition to Shenzhen's Shenfei Laser and Optical System Co. Ltd. and Zhuhai's Audio-Video Publishing House Optical System Co. Ltd., another five domestic enterprises engaged in the production of compact discs have been ordered to halt operations as a result of the inspections and bans. Two of these factories are located in Guangdong, while the others are located in Hangzhou, Fuzhou, and Nanjing.

The Yisheng Laser Disc Company in Zhongshan is one of the enterprises ordered to halt operations. According to a source inside the factory, the company halted operations as of 29 January, and now is awaiting the notice of the local procuratorate. However, before the court finishes the trial of its case, the company will not receive new orders. A female staffer of the company said

that the law enforcement organs had traced products from retail outlets back to the factory, and found that the factory had violated copyright regulations. She believed that as long as the factory shifts to produce goods with legal copyrights, it may be able to continue operations. It has been learned that the music discs produced by Yisheng were all domestic works. In the past, Yisheng tried to cooperate with two overseas record companies, Polygram and Warner, but no result was achieved.

#### **Record Manufacturers Still Have Misgivings Over Business in Mainland China**

Another problem disc manufacturer is Guangzhou's Rongtong Audio-Visual Product Company, which is located in the city of Panyu. The company reportedly was named by the International Association of Record Manufacturers as one of the factories in China engaged in pirating music discs. The company's two disc production lines are still operating normally, and were not affected by the recent crackdown.

A male staffer of the company, who refused to reveal his name, told HSIN PAO that they welcomed the Sino-U.S. IPR agreement. He held that after intensive actions are taken against pirated music discs in the markets of Hong Kong, Macao, and Taiwan, consumers will have greater demand for works created in the mainland, and this will promote the development of domestic audio and video products. He denied that his company was involved in the pirating of discs.

He said that beginning in early 1994, the central and local copyright administrative organs had begun to regularly inspect the copyright certificates of the factory's products, and no copyright violations were found. He admitted, however, that it was sometimes hard to verify the validity of some copyright certificates presented by record companies that were not members of the International Association of Record Manufacturers.

He also said that the International Association of Record Manufacturers had issued a circular to its members, telling them not to produce music discs in mainland China. On the other hand, it required factories in the mainland which hoped to receive production orders from its members to pay \$300,000 to the association as deposit. However, the payment did not guarantee that the mainland factories would certainly receive orders from its members. Owing to these measures, Rongtong could produce discs for only a small number of record companies that were not members of the association, while it was difficult for Rongtong to verify the validity of the copyright certificates presented by these record companies.

However, Yiu Yui-keung, director of Asian Regional Affairs of the International Association of Record Manufacturers (Southeast Asia) Corporation denied the issuance of such circular to its member-companies. He said that the association had never prohibited its members from producing records and music discs in mainland

China. He admitted, however, that mainly some small-scale record companies placed production orders with mainland factories because many companies were concerned about the quality of the products and the protection of the intellectual property rights related to the records. In particular, they had greater misgivings about the latter, so they did not want to have their music discs produced in China.

Yiu Yui-keung also said that although he believes the mainland authorities will do their utmost to implement the agreement, the International Federation of Record Manufacturers will not stop monitoring the piracy activities in China, and will continue to exchange information with the relevant departments there.

### Guangzhou Aims at Publicizing IPR Protection

HK2802061095 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0534 GMT 24 Feb 95

[By correspondent Chen Xuebing (7115 7185 0393): "Guangzhou Conducts Activities To Publicize IPR Protection"]

[FBIS Translated Text] 24 Feb (ZHONGGUO XINWEN SHE)—In order to coordinate the crackdown on copyright piracy, Guangzhou will hold activities in its Culture Park on 26 February to publicize the protection of intellectual property rights [IPR].

On that day, while giving special cultural performances, Guangzhou also will stage games, including tests of knowledge about IPRs, and knowledge of how to distinguish between genuine and fake compact discs, as well as riddle guessing, and tennis-ball pitching. Prizes will include laser disc players, radio sets and recorders, and laser discs.

### Deadlines Set for Foreign Capital Injections

HK2802063795 Hong Kong CHING CHI TAO PAO in  
Chinese 20 Feb 95 p 27

[From "Chinese Economic News" column: "New Regulations Setting Deadlines for Actual Injections of Committed Foreign Capital"]

[FBIS Translated Text] The PRC State Administration for Industry and Commerce and Ministry of Foreign Trade and Economic Cooperation recently have announced specific regulations setting general deadlines for phased-in investment by foreign-invested enterprises:

1. Enterprises with a registered capital of \$500,000 or below (inclusive of \$500,000) must inject all of the registered capital within one year after an operating license is issued.
2. Those with a registered capital of over \$500,000 and under \$1 million (inclusive) should inject all of the registered capital within one and a half years after an operating license is issued.

3. Those with a registered capital of over \$1 million and under \$3 million (inclusive) should inject all of the registered capital within two years after an operating license is issued.

4. Those with a registered capital of over \$3 million and under \$10 million (inclusive) should inject all of the registered capital within three years after an operating license is issued.

5. Deadlines for actual capital injections for enterprises with a registered capital of over \$10 million may be determined by the approval authorities according to the practical situation.

### Tax Official on Foreign Investment, Income Revenue

OW2702103295 Beijing XINHUA in English 0821  
GMT 27 Feb 95

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—China collected 36 billion yuan (about 4.2 billion U.S. dollars) in taxes from foreign businesses and residents in China last year, according to initial statistics from the State Administration of Taxation (SAT).

A SAT official said that this type of tax now accounts for about eight percent of the total national industrial and commercial tax revenues.

He attributed the rapid growth in the revenue from these taxes to the ever-increasing number of overseas-funded enterprises, a result of China's open-door policy.

Statistics show that by the end of 1994 China had approved 210,000 such enterprises, 150,000 of which have been registered with taxation departments nationwide, a rise of 90 percent over the year before.

The official noted that more than 100,000 overseas-funded enterprises have gone into business, and their profits grew considerably last year.

As the preferential policies such as tax breaks and exemptions granted to such ventures have generally come to an end, more and more of them are due to pay taxes on their profits, a factor the official believes has enabled China to enter a period of "bumper tax harvest."

Stricter tax law enforcement, a new statistical method and the adoption of a unified exchange rate are also behind the fast growth, the official said.

In recent years, the tax revenue collected from overseas-funded businesses and individuals in China have been on the rise, according to the official.

China currently levies 11 types of taxes on overseas-funded businesses and residents, such as income tax, value-added tax, business tax, resources tax and consumption tax.

### Measures To Rectify Export Trade Order Adopted

HK2802090995 Hong Kong CHING CHI TAO PAO in Chinese 13 Feb 95 p 29

[From the "Chinese Economic News" column: "Measures To Rectify Export Trade Order"]

[FBIS Translated Text] This year, Ministry of Foreign Trade and Economic Cooperation is to adopt effective and forceful measures to rectify export trade order, and to put a stop to such vicious competition practices as offering higher prices on domestic markets and lower prices on overseas markets. The ministry will strive to further work in this connection in the following six ways:

1. To reform the country's existing foreign trade power examination and approval procedures with a view to setting up an efficient foreign trade power approval and examination system. To this end, the ministry is resolved to rectify and standardize order in the issuance of the country's export permits and certificates of origin, with an eye to perfecting China's existing issuance system and preventing indiscriminate in its issuance work. Foreign trade departments should actively cooperate with other departments concerned; rapidly build the "gold pass" [jin guan (6855 7070)] project; and further refine the country's foreign economic cooperation and trade management technicalities.

2. To perfect the country's existing import and export control system and regulations. To this end, the ministry is resolved to formulate as soon as possible "Regulations Banning the Export of Goods at Lower Prices"; support and cooperate with Customs houses in price examinations; and launch a comprehensive crackdown on such vicious practices as rushing to purchase products by offering higher prices, rushing to sell products at lower prices, and rushing to import badly needed and readily marketable commodities in defiance of state regulations.

3. To rectify border and local trade order, ban the transfer in various forms of state-owned enterprises' import and export power to enterprises not yet entitled to such power, strictly ban the transfer of import and export power to individuals, and urge strong state-owned foreign trade enterprises to become a principal force in border and local trade as soon as possible.

4. To launch a severe crackdown on such vicious practices as obtaining export duty refunds through fraud and deception. To this end, the ministry is resolved to simultaneously step up the crackdown on and prevention of, conscientiously investigate and deal with, and resolutely penalize export duty deception with an eye to warning others against following a bad example. In addition, the ministry also will keep a close watch over, study in a timely manner, and adopt effective preventive measures against the latest developments in and characteristics of export duty deception.

5. To rectify order of holding exhibitions and trade fairs abroad. Since there have been too many exhibitions and

trade fairs held abroad, especially too many low-level, poor-efficiency, and wasteful exhibitions and trade fairs, the ministry is resolved to map out corresponding rules and regulations, in light of actual conditions, and to set up a qualifications examination system with a view to guaranteeing the quality and efficiency of exhibitions and trade fairs held abroad.

6. To strengthen coordination of project contracting work and labor affairs cooperation; give more scope to the roles played by chambers of commerce bent on contracting overseas projects, and by overseas project contracting and labor affairs coordination teams as well; and ban domestic enterprises from competing against and ruining each other by indiscriminately lowering prices on international project contracting markets and international labor affairs markets in hopes of enhancing solidarity among domestic enterprises in competition against foreign rivals, thereby safeguarding the interests of the state and enterprises.

### Statistics Bureau Issues 'Communique' on Trade

OW2802092995 Beijing XINHUA in English 0848  
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—China was active in foreign economic relations last year, and foreign trade developed rapidly and more foreign capital was utilized, according to a communique issued today by the State Statistics Bureau.

The communique, which sums up last year's economic and social development in China, said that the value of exports in 1994 was 121 billion US dollars, up 31.9 percent over the previous year, and the value of imports was 115.7 billion US dollars, an increase of 11.2 percent.

The communique said that the structure of imports and exports was further improved last year, with the share of machinery and electronic products in the export mix rising from 24.7 percent to 26.4 percent. There was also a significant increase in the imports of raw materials, machinery and transportation equipment that were in short supply on the domestic market.

According to the communique, exports by foreign-funded enterprises continued to grow by a large margin, with the value of these products rising from 27.5 percent to 28.7 percent of the country's total.

The communique said that economic and technical co-operation with foreign countries made big progress last year. A total of 33.8 billion US dollars was attracted in the form of direct foreign investment, up 22.8 percent. By the end of 1994 some 206,000 foreign-invested enterprises had been registered in China, 40,000 more than the figure at the end of 1993.

Meanwhile, the communique said, China also achieved progress in international tourism last year. The country received 43.68 million foreigners, overseas Chinese and



compatriots from Taiwan, Hong Kong and Macao, 5.2 percent more than the figure for 1993.

And the income in foreign exchange from international tourism was 7.323 billion US dollars, a leap by a large margin compared with the figure for 1993.

#### **Better Inspection of Imports, Exports Planned**

HK2802085695 Beijing CHINA DAILY in English 28 Feb 95 p 1

[By Qiu Qi: "Nation To Tighten Trade Inspection"]

[FBIS Transcribed Text] China plans to improve the quality of its foreign trade this year by strengthening the inspection of import and export commodities.

Inspections will be done in bonded areas and border and port cities. Joint ventures' exports also will be inspected.

Inspection in these areas, which is still new for the country's economic watchdog, is an important way to expand the coverage of inspected goods, said Tian Runzhi, Chief Administrator of State Administration for the Inspection of Import and Export Commodities. He spoke at a national inspection meeting which opened yesterday in Beijing.

He added that China will also appraise more equipment invested in overseas-funded enterprises to achieve an improved investment climate this year.

Last year, China inspected more than 1.5 billion batches of import and export goods worth \$77.3 billion. [sentence as published] That was 12.5 per cent more goods worth 2.8 per cent more than the previous year.

However, the number represents only a little more than 30 per cent of the country's total foreign trade volume, said Tian, adding that there is a lot of work to do to raise the inspection percentage.

China invested 180 million yuan (\$21.2 million) in the construction of inspection facilities in port cities last year. The country also invested 100 million yuan (\$11.8 million) to upgrade inspection laboratories in various cities and towns to enhance the technical level of inspection.

In provinces including Jiangsu, Shandong and Liaoning, computer networks are used in inspection.

He pledged that this year the administration will focus on the inspection of export goods from joint ventures, which account for a big part of the country's exports.

Appraisal of invested equipment of joint ventures, which began in 1991, achieved a major success last year and will continue to guarantee a healthy investment environment, Tian said.

In 1994, the country inspected equipment that overseas investors claimed was worth \$2.23 billion toward their investment shares. The actual value was found to be \$1.8 billion.

While it protects Chinese partners in joint ventures, overseas investors with long-term strategies in China also welcome the strict inspection, Tian said.

#### **Trade Volume With Ukraine Increases 'Rapidly'**

OW2602044595 Beijing XINHUA in English 0424 GMT 26 Feb 95

[FBIS Transcribed Text] Kiev, February 25 (XINHUA)—China has become one of Ukraine's most important trading partners, with trade volumes rising greatly, official statistics shows. The State Customs Committee announced here today that bilateral trade was worth 925 million U.S. dollars in 1994, some 300 million dollars more than that in 1993.

As Ukraine's number one trading partner in Asia, China imported a total of 849.5 million dollars worth of Ukrainian goods in 1994, while exports reached 75.5 million dollars, leaving Ukraine with a favorable balance of 774 million dollars, the country's largest surplus with any of its 187 trading partners.

Ukraine's main exports to China include metals, chemical fertilizers and mechanical equipment, and its imports are mainly articles of daily use.

#### **Foreign Investment Sought To Develop Power Industry**

HK2602070995 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 26 Feb-4 Mar 95 p 1

[By Sun Hong: "Co-operation Sought in Power Sector"]

[FBIS Transcribed Text] China is dramatically developing its power industry and foreign investment is expected to play an important part in the process, government officials announced.

By the end of the century, China is expected to achieve total installed electric capacity of 300,000 megawatts.

To realize the goal, the nation is encouraging various forms of co-operation—including export credit granted by foreign governments, issuance of Chinese electric bonds and stocks overseas, direct engagement in investment and leases in China by overseas enterprises and barter trade.

Officials said priority will go to hydroelectric projects, coal-fired plants and long-distance power transmission projects. Projects in middle and western regions will be emphasized.

Projects with overseas loans on favourable terms will win preference.

The Chinese Government welcomes joint ventures, co-operative projects and sole engagement by overseas enterprises. In general, in key projects where installed capacity of a single power generator exceeds 300 megawatts, the majority share must be held by the Chinese side.

The government has granted overseas-invested electric power plants priority in application for purchasing foreign exchange.

Electricity fees will be decided on the basis of negotiation with relevant government departments.

In the near future, hydropower and fossil fuels will continue to generate the majority of electric power while other forms such as nuclear power will see development as well.

High-capacity and high-efficiency power generating units will be utilized, along with exploitation of new "clean" coal.

Huaneng Group, a major State-owned enterprise group whose business deals mainly with the power industry, will introduce more overseas investment and facilities this year, according to company officials.

Establishment of the group gained direct permission from the State Council, and all of its major leaders have been appointed by the State Council.

It is scheduled to add electric generating units with a total capacity of 10,000 megawatts by the turn of the century. The portion generated by hydropower will reach 1,000 megawatts, the remainder by fossil fuels.

Last year, Huaneng Group installed 1,690 megawatts in new power projects—16.5 per cent of the power generating capacity added in the country last year.

By the end of 1994, Huaneng had introduced foreign investment totalling \$4.65 billion.

The group operates 46 power plants across the country with assets valued at around \$70 billion at the end of last year.

Last year, the group's two branch companies issued shares on the New York Stock Exchange, collecting \$955 million in overseas capital.

#### **Guangdong Ranks 1st in Foreign Export Earnings**

OW2502042695 Beijing XINHUA in English 0257  
GMT 25 Feb 95

[FBIS Transcribed Text] Guangzhou, February 25 (XINHUA)—Newly developed enterprises which have autonomy in export, created half of the total foreign currency earned from the general export last year in Guangdong Province, local sources revealed.

In 1994, the value of exports of general goods recorded by these enterprises was close to 5.1 billion US dollars, a 48.6 percent increase over the previous year.

Since the collapse of the previous export system in which specialized foreign trade enterprises dominated the trade, many industrial, agricultural, technical and marketing enterprises in this province have obtained the

right to export independently, allowing them to get involved directly in competition in the international market.

There are now a total of 915 enterprises in this category, accounting for 61 percent of the 1,500 foreign trade firms across the province, three of which earned well over 100 million US dollars in foreign exchange last year, while 31 earned 10 million US dollars each, and 26 more than one million US dollars.

In line with international practices, the provincial Federation of Export Enterprises was set up in 1989, the first of its kind in China.

Guangdong Province has always ranked first in earning foreign currency from exports in the country in recent years. In 1994, the province's total foreign exchange earnings from exports hit 50.2 billion US dollars, over 40 percent of the country's total, up by 34.2 percent over the previous year.

#### **Overseas Investment Growing in Guangdong**

OW2502113495 Beijing XINHUA in English 1017  
GMT 25 Feb 95

[FBIS Transcribed Text] Guangzhou, February 25 (XINHUA)—The amount of overseas funds utilized in south China's Guangdong Province last year was 11.46 billion U.S. dollars, an 18.5 percent increase over 1993.

Overseas investment in the province has grown beyond the sectors of entertainment and real estate to include agriculture, raw materials, energy, communications, post and telecommunications, and new and high technology industries.

The province has seen an increase in investment from a number of overseas consortiums from the United States, Germany, and Japan, with almost half the foreign funds having arrived during the past year.

The technical renovation of old enterprises has been going smoothly and various policies have been worked out to protect the benefits of overseas businessmen and firms in the province.

#### **Guangzhou Seeks Foreign Investment for Projects**

HK2602065095 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 26 Feb-4 Mar 95 p 6

[By Zheng Caixiong: "Guangzhou Drums Up Investment"]

[FBIS Transcribed Text] Guangzhou—The capital city of China's pioneer province in reform and opening is seeking foreign investment for industrial projects with a combined value of 51 billion yuan (\$6.1 billion).

Guangzhou Executive Vice-Mayor Chen Kaizhi is expecting \$1.54 billion to come from overseas investors interested in the city's construction.

Chen hopes to attract \$651.2 million this year for these projects, which include ethylene, autos, steel, electronics, a subway, plastics, oil, petrochemicals and paper milling.

To attract the investment, Guangzhou will open wider to the outside world and offer its market as well as interest and shares to overseas investors this year, Chen said.

The Guangzhou Ethylene Project, valued at 4.7 billion yuan (\$565 million), plans to lure \$190 million to support construction. The project is expected to attract \$60 million this year.

Construction began in 1993. It includes an ethylene plant with annual capacity of 160,000 tons, a polyethylene plant with annual capacity of 100,000 tons, a polypropylene plant with annual capacity of 70,000 tons, a styrene plant with annual capacity of 80,000 tons and polystyrene plant with annual capacity of 50,000 tons.

Scheduled to be completed next year, the project will import equipment from the United States, Japan and other developed nations.

The third phase of Guangzhou Peugeot Auto Co will need 5.6 billion yuan (\$675 million), including \$420 million in overseas investment. The funds will enable the firm to produce 150,000 cars annually upon project completion in 1997. It should absorb \$130 million in foreign investment this year.

The 18.4-kilometre Guangzhou Subway will attract \$20 million in foreign investment this year. The project, initiated in 1993, costs 12.75 billion yuan (\$1.54 billion), including \$475.26 [figure as published] in investment from abroad. Starting at Fangcun in the city's western region and ending at the Tianhe Railway Station to the east, the subway line is expected to begin operation in 1998.

Expansion of the Guangzhou Yangcheng Auto Plant will cost 1.37 billion yuan (\$166.2 million), including foreign investment of \$51.56 million. Expected to be completed by the end of the century, the project will attract \$10 million in foreign funds this year, enabling it to turn out 100,000 cars and buses annually.

Guangzhou Zhujiang (Pearl River) Steel Plant Project will cost over 6 billion yuan (\$723 million), including \$270 million from abroad. The project will use foreign investment of \$120 million this year.

The plant, which started in 1994, will have annual capacity of 820,000 tons of molten steel, 784,000 tons of hot rolling plate and 300,000 tons of cold rolling plate when it is completed in 1997.

Other projects seeking foreign support include expansion of the Wuyang Motorcycle Plant and Radial Tires Plant, Energy Saving Electric Lamp Factory, Zengcheng Patent Market and ABS Resin Plant.

### Overseas Capital To Improve Heilongjiang Industries

OW2502093995 Beijing XINHUA in English 0901  
GMT 25 Feb 95

[FBIS Transcribed Text] Harbin, February 25 (XINHUA)—The capital of northeast China's Heilongjiang Province plans to get contracts to inject five billion U.S. dollars in foreign funds to help revitalize its 150 state-run enterprises in the next 15 years, according to a local official.

The funds are expected to come from Hong Kong and Taiwan, as well as from Japan, the U.S., and western Europe. They're needed to support the retooling of enterprises and to introduce advanced technology, according to Harbin's mayor Suo Changyou, who explained to XINHUA that, "This plan will bring more opportunities for cooperation between the city and overseas investors."

Harbin, one of China's leading industrial centers and a communications hub in northeastern China, hopes to achieve rapid growth in future, he said, citing some factors for the city's development.

The city has built up its industries by concentrating on machine-building, electronics, textiles, medicines, food-stuff, metallurgical products, building materials, and chemicals.

Its generators, aircraft, medicines, instruments and meters, bearings, linen, and small cars account for a large part of the market both at home and in Asia.

Heilongjiang Province is the top producer of soybeans, linen, and crude oil in China, and is also rich in timber and coal resources.

Harbin has upgraded its transportation and telecommunications facilities, so that its railways now connect via the Siberian railway with Europe. Its airport is one of ten largest in China.

The city government has issued a series of preferential policies concerning land-use, tax payments, and loans to encourage cooperation between enterprises and foreign investors, according to the mayor.

### Qinghai Makes Headway in Foreign Trade

OW2802064595 Beijing XINHUA in English 0611  
GMT 28 Feb 95

[FBIS Transcribed Text] Xining, February 28 (XINHUA)—Qinghai Province, known as an "isolated land on the Loess Plateau", has made much headway in the development of foreign trade and overseas economic cooperation over the past several years.

So far, the northwest Chinese province has established trade relations with 48 countries and regions, according to local trade officials.



Imports and exports of the province were worth 143 million U.S. dollars in 1994, up 15.3 percent compared with the previous year. The province is attracting more and more overseas investors and has so far approved the establishment of 90 foreign-funded enterprises, involving a contractual 41 million U.S. dollars of foreign investment.

The province has set up more than 30 companies specialized in foreign trade, while using foreign loans and assistance to exploit local natural resources or build basic facilities. At present, more than 120 kinds of locally-produced commodities are sold on the world market.

Deputy Governor Wang Hanmin told reporters that the province would set up an investment promotion bureau soon in a bid to attract more foreign funds and improve infrastructures for transport, telecommunications and environmental protection.

The deputy governor said that his province would work harder to help with the establishment of more foreign-funded enterprises and the use of more foreign investment in the ninth Five-Year-Plan period (1996-2000).

The province has been negotiating with foreign cooperation partners over six thermal power plants. It has listed 14,000 sq km of land in Qaidam Basin to invite international tenderers for oil prospecting.

The province is expected to reach an agreement with Israel this year on the second-phase construction of the Qinghai Potash Fertilizer Factory, which will cost 523 million U.S. dollars.

### Shanghai's 3 Focuses on Introducing Foreign Capital

HK2602071795 Beijing ZHONGGUO XINWEN SHE  
in English 0333 GMT 25 Feb 95

[FBIS Transcribed Text] Shanghai, February 25 (CNS)—There are three focuses for Shanghai in its introduction of foreign capital this year:

First, municipal infrastructural items include the underground railway No. 2 line, Pudong international airport, an outer ring road, a deepwater port which can be docked by third and fourth-generation containers, sewage treatment No. 2 project, Pudong railway and exploitation of petroleum and natural gas field of East China Sea. These projects will be offered for foreign investment.

Second, high-tech and industrial items. Large and medium-sized state-owned enterprises will be encouraged to cooperate and establish joint ventures with famous international transnational corporations and large-scale enterprises. Foreign capital needed in this sector will be obtained through fund-raising campaigns.

Third, tertiary industry. Foreign capital will be introduced into some new fields including commercial

housing for domestic sale, upgrading of old urban districts, entertainment, information services, food and drink, design, decoration, education, and hygiene. At the same time, Shanghai will lure more foreign financial organizations to set up branch offices in the city.

### Shanghai Foreign-Funded Enterprises Prosper

HK2602064995 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 26 Feb-4 Mar 95 p 5

[By Zhang Yijun: "Foreign Firms Post 66 Percent Growth Rate in Megalopolis"]

[FBIS Transcribed Text] A majority of the 6,554 foreign-funded enterprises in Shanghai are operating smoothly, mirroring the city's sound investment environment.

According to the Shanghai Foreign Investment Commission, total sales of foreign-funded firms in the city rose 66.4 per cent last year to 85.9 billion yuan (\$10.2 billion).

Two of these, Shanghai Volkswagen and Shanghai Bell, are among the top 10 enterprises in China in terms of sales.

Meanwhile, exports of foreign-funded enterprises are increasing rapidly.

Some 3,444 foreign-funded firms in Shanghai have been designated as export-oriented enterprises by the municipal government.

Statistics show that total profits of Shanghai's foreign-funded firms topped 8.53 billion yuan (\$1.01 billion) last year, a 50 per cent jump from the previous year.

More than 80 per cent of local foreign-funded firms are making profits, and their average rate of return on investment is nearly 25 per cent.

Four firms in Shanghai are ranked among the top-10 foreign-funded enterprises with the highest profits.

As a result, the city's foreign-related tax revenue has soared during recent years.

Last year, Shanghai's foreign-related tax revenue topped 6.76 billion yuan (\$805 million), accounting for 19.3 per cent of China's total.

Last year, local foreign-funded firms paid total taxes of 4.8 billion yuan (\$571 million), a 96.9 per cent increase over the previous year.

The figure accounted for 71 per cent of the city's total foreign-related tax revenue.

Foreign-funded enterprises in Shanghai also provided many job opportunities in the city.

Last year, foreign-funded firms employed 605,000 people, accounting for 12.6 per cent of the city's total, marking a 50.7-per cent rise from the previous year.

**Steel for Car Manufacture Urgently Needed***HK2802061195 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1131 GMT 11 Feb 95*

[FBIS Translated Text] Beijing, 11 Feb (ZHONGGUO TONGXUN SHE)—It has been learned from China's metallurgical department recently that, with the rapid development of China's automobile industry, a higher demand has been set for Chinese-made steel products.

Currently, the main problems with domestic steel for car use are unstable quality, failure to meet the needs in terms of variety and specifications, inadequate quantity, and the unavailability of certain steel types. Last year, the Shanghai Dazhong Automobile Company Limited imported 10,000 tonne of steel products at \$430 a tonne but the quality was unstable.

According to briefings by the steel plants of the Shanghai Automobile Industry Corporation, the steel for use in automobiles should have a great variety and specifications, meet high quality requirements, and is needed in large quantities. In the production of a car, steel products account for 65 percent, plastic 11 percent, and lead 4 percent of the materials. Special steel accounts for over 15 percent of the total amount of car materials. Calculated on the basis of each car needing 774 kg of steel, a total of 1.16 million tonne of steel products is needed for the production of 1.5 million cars annually. Presently, China has to import a considerable quantity of steel for the manufacture of automobiles.

For this reason, according to experts, the development and production of steel for automobile use has become an important task and research topic for metallurgical enterprises to date. Steel plants and the automobile industry should set up a united structure and, to suit the needs of automobile industry development, tackle problems in some key steel products. They should jointly develop and popularize the use of new products and exert great efforts in terms of variety, quality, and specifications to keep pace with the development of China's automobile industry.

**Electronics Industry Group To Take on World Market***HK2502045495 Beijing CHINA DAILY in English 25 Feb 95 p 5*

[By Wu Yunhe: "Electronics Firms Organize"]

[FBIS Transcribed Text] The China National Electronics Import and Export Group was launched yesterday in Beijing.

The Beijing-based China National Electronics Import and Export Corp (CNEIEC) will serve as the mainstay of the group, composed of the country's 308 electronics enterprises.

Grouping the country's major electronics enterprises into one is part of the central government's efforts in strengthening the competitiveness of China's industry on the world market.

The business advantages to the 308 member firms are expected to boost it toward becoming one of the transnational conglomerates in the near future.

Its latest task is to keep a close eye on the business development in China and the outside world. It will focus on foreign trade, group officials said.

The 308 enterprises are expected to co-operate in the newly established group to handle the business of scientific research, industrial manufacturing, trade, financing, real estate, project engineering, information and legal consulting and advertising.

"The group will pursue a business boom, with emphasis on the foreign trade and other kinds of overseas business," said a group official.

The electronics group will combine the country's manufacturing technology and managerial skills to upgrade and update the country's production of electronics.

Its technical research and marketing networks will also help the group's products keep abreast of changing market trends.

To create a firm foothold in foreign markets, the new company will make efforts to set up overseas branches and subsidiaries.

Contributing to the development of the national economy is the group's ultimate ambition, according to the group officials.

CNEIEC, the mainspring of the industrial group, is now seventh among the country's 500 largest import and export companies.

Its foreign trade reached nearly \$2.24 billion last year, up 13.6 percent from the previous year.

Of CNEIEC's total foreign trade in 1994, exports accounted for more than \$1.32 billion, up 30 per cent from the previous year.

CNEIEC now controls 46 subsidiaries and a large number of investment firms throughout the country.

It also has 30 overseas offices to help prop up the business development in the world market. Its worldwide trade relations now involve businesses in more than 120 foreign countries.

**Imports of Auto Products Down; Exports Increase***OW2602021095 Beijing XINHUA in English 0114 GMT 26 Feb 95*

[FBIS Transcribed Text] Beijing, February 26 (XINHUA)—In 1994 China imported 4.715 billion U.S. dollars-worth of automobile products, including automobiles, parts and engines and motorcycles, down 11.9 percent from the previous year.

Its export of automobile products reached 515 million U.S. dollars, up 21.44 percent from the previous year, according to statistics from related departments.

The statistics show that China imported 283,100 automobiles last year, down 8.72 percent from the previous year; imported 380,000 sets of auto and motorcycle engines, down 19.68 percent.

However, the import of car parts increased over 22 percent to reach 135,600 sets, and the import of motorcycles and special-purpose automobiles also increased.

China's export of auto products mainly include auto parts, trucks and engines, of which the amount of auto parts exported increased 239.14 percent, trucks increased 125.72 percent, and engines increased 166.23 percent.

### Agriculture

#### Jiang Zemin Stresses Agriculture's Importance

OW2702172395 Beijing XINHUA in English 1705  
GMT 27 Feb 95

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—Chinese Communist Party (CPC) Secretary General Jiang Zemin has called on all Party members to pay greater attention to agriculture in the course of building a socialist market economy, and to handle farmers' problems and rural work correctly.

Jiang made the statement here today at a continuing national conference on agriculture, sponsored by the CPC Central Committee and the State Council, at which Premier Li Peng and Vice-Premier Zhu Rongji also delivered speeches.

"All guiding principles, tasks, and policy measures have been made clear; now what we need is practical work," he said, and, "Increasing the output of grain and cotton to create bright new prospects for the rural economy."

"We must have both a political and a strategic understanding of the importance of the food question," Jiang said.

"In less than two years, since October 1993, the Party's Central Committee has held three conferences on rural work, with each meeting emphasizing the importance of agriculture and rural work," Jiang noted.

"Why has the Central Committee repeatedly emphasized this problem? It is chiefly because developing agriculture in a socialist market economy is a new problem requiring study and investigation by the whole Party," he said, adding that "Quite a few comrades have yet to understand the special importance and difficulties involved in solving agricultural problems."

The development of agriculture and rural economy faces both opportunities and challenges in the process of building a socialist economy, he said. On the one hand,

agriculture is the most important foundation of the national economy. The faster the economy grows, the more it depends on agriculture and the greater social demand for food products.

On the other hand, agriculture is a sector of high social benefits and low efficiency in itself, which calls for more support and protection especially at times of fast economic growth and industrialization gains momentum.

"It is necessary to unify and further raise the whole Party's awareness, especially Party officials' awareness, of agricultural problems," Jiang said.

Due to this lack of understanding and lack of overall arrangement of agriculture, he pointed out, in recent years China has not given enough support to agriculture, and instead "Recent years have seen larger gaps between the development of industry and agriculture, between the incomes of rural and urban residents, and between levels of development in different regions."

"If these gaps continue to grow, they would sharpen the contradictions between supply and demand in agricultural products, increase prices, and worsen inflation," Jiang went on to say.

The slow growth of farmers' incomes, the low level of farmer's purchasing power, and the shrinking of the rural consumer market would directly handicap industry and the national economy as a whole, he said.

All these things add up to the fact that agricultural development is significant in the overall scheme of our country's reforms, development, stability, and the success of our modernization efforts, Jiang said.

He stressed the fact that improving macro-economic controls and providing support for agriculture, and the coordination of industry and agriculture, urban and rural areas, and the economies of the eastern, central, and western parts of the country, while establishing a socialist market system, are also beneficial in consolidating socialist political power.

Jiang said that party members, especially middle- and high-ranking cadres, must take into account the whole situation, keeping unity of thought and taking firm and practical actions together on such an important issue.

"We must promote the prosperity of farmers and social progress in rural areas, realizing our established goals by mobilizing the strength of all trades and professions resolutely," he explained.

He pointed out that some developed coastal areas have had to import large amounts of grain in recent years because of a drastic drop in the amount of acreage under cultivation and decreasing yields, a trend which must be reversed by every province's ensuring its grain supply by increasing grain output, and doing so this year.

Jiang said that the situation in the countryside is of great significance for national economic development, since



farmers account for the majority of the country's 1.2 billion people, and the key to rural development, cultural progress, and developing a legal system is in consolidating the party's grassroots organizations.

Jiang urged Communist Party committees at all levels to strengthen leadership in rural work and to meet the following requirements:

First, agricultural work should be given top priority in overall planning and investment should satisfy the needs of agriculture first. In dealing with the economy, agriculture should be placed ahead of other sectors and leaders who merely think of maintaining industrial growth or doing a good job in urban construction are far from qualified if they neglect the "vegetable baskets" or "grain bags".

Second, strict responsibility should be taken by leading members of the Party and government with provincial governors and Party secretaries being responsible for grain issues in their own provinces, and mayors and municipal Party secretaries being responsible for vegetable issues in their own cities.

Third, under the leadership of the Communist Party and the government, offices and trades should work together supporting agriculture and rural work. Planning, finance, industry, science and technology, and foreign trade departments should take measures to contribute to increasing grain output, and those serving agriculture's interests must not harm farmers' interests for personal gain.

Fourth, policies strengthening agriculture should be drawn up, not only for the purpose of developing agriculture and the rural economy as a whole, but also for the reputation of the Party and government, and should be fully implemented as promised in order to win the people's trust.

Finally, leaders at all levels should go to grassroots units and among the masses to solve practical problems, by organizing, guiding, and serving, but also by learning from the masses and helping solve problems standing in the way of rural reforms and development.

Hu Jintao, a member of the Standing Committee of the CPC Central committee Politburo, also attended Today's meeting.

#### **Li Peng Addresses National Agricultural Meeting** *OW2702143895 Beijing XINHUA in English 1352* *GMT 27 Feb 95*

[FBIS Transcribed Text] Beijing, February 27 (XINHUA)—Chinese Premier Li Peng has urged to increase the output of grain and cotton, basic stuff of living, to meet the growing demands of 1.2 billion people and the national economy.

Speaking at an ongoing national conference on agriculture held here today, Li also call for more efforts to

enliven rural economy and increase input into agriculture, now the weakest link in the national economy.

"This year is significant for the increase of grain and cotton output, and the task is a very hard one," he said. "However, we should note that there are a number of beneficial conditions for fulfilling this year's agricultural production task," he added.

The Premier said farmers' enthusiasm for agricultural production has reached a new height. Agricultural products are experiencing an exuberant market demand throughout the country, prices are tending toward a reasonable level, and farmers have enjoyed obvious increases in their incomes. In addition, both the central government and local governments have paid attention to reinforcing agriculture by increasing the input into agriculture. And there will be more funds for agriculture this year.

He said that China is able to achieve a bumper harvest this year and realize the state's agricultural development targets for the 1990s, "so long as the whole country earnestly carries out the central government's principles and policies for reinforcing agriculture, and earnestly implements the decisions of this meeting."

Li said that to solve the problem of raising the output of grain and cotton, major party and government leaders at all levels should whole-heartedly attach importance to agriculture and put it on top of the national economic agenda. The central government has demanded that all provincial administrations bear the responsibility of balancing local grain supply and demand, and a "provincial governor responsibility system" should be established.

On the issue of investment in agriculture, Li said, "We should not only put in more money in this regard, but also make our deeds and words match, and try to focus funds on key projects. The measures worked out by the Central Committee of the Communist Party and the State Council should be carried out resolutely and without any watering down."

Different from other economic sectors, Li said, agriculture is characterized by its seasonal nature. Should the investment not be put in place on time, missing a season will mean losing a year. "With limited capital for agriculture, we should make sure that key projects—basic facilities construction such as water conservancy and forestry, agriculture-oriented industries and agricultural science and technology—are guaranteed."

He said the country is faced with water shortages and natural disasters, and so construction of water-control works bears great significance for agriculture. According to forecasts from meteorological departments, there are going to be even more natural calamities this year than last, he noted. "We should prepare ourselves for fighting drought and floods in order to have a good harvest."

Li said that the fundamental solution to the development of agriculture is to rely on science and technology to raise per-ha production as well as increase gross production. At present, agricultural science and technology accounts for 35 percent of the elements leading to agricultural growth, which is only half the level of advanced countries—indicating that there remains great potential for science and technology-induced agricultural growth in China. It is urgent to speed the step of applying the advanced and applicable technology which can evidently increase the grain output.

"Our aim is to lift this ratio to 45 to 50 percent by the end of our century," Li said. He added that both the central and local governments should input money into the fund for popularizing science and technology in the rural areas, have a stable contingent for this purpose and ensure the spread and use of agricultural science and technology.

He said the key to assuring basic self-sufficiency in grain is to manage well the principal grain-producing areas which have potential for production increase. "We must evoke the enthusiasm of local governments and farmers in those areas to expand grain production," he said.

The premier added that it is important to build a highly efficient agricultural system, which is, on the basis of grain production, developing breeding industry by using grain and its by-products, stalks in particular; and on the basis of breeding industry, developing processing, transporting, marketing and servicing industries for meat, poultry, egg, milk, leather, fur and other products, to form industrial chains and enterprise groups, realize multi-level, value-added highly efficient targets and organically combine the objectives of enriching a county and enriching its people.

He said that from now on the grain-producing areas should increase the export of processed and transferred products, instead of grain itself, in order to retain as much added value as possible. At the same time, they should also develop other township enterprises and improve, from the very roots, the present situation—they are called as big counties for grain production, but as small counties in terms of industry and poor counties when measures by financial income.

On the transfer of surplus rural labor to non-agricultural economic sectors, the premier said this is an essential way to control the growth of the Chinese population.

He said that concentrating the surplus rural population in small cities and towns will help improve the overall quality of the country's population, and change people's ideas about having lots of children.

Li said that this is the only way to realize the simultaneous growth of the economy and the society.

The surplus labor should be put to work for agricultural growth in a broader and deeper way, by developing township enterprises and other non-agricultural endeavors.

He said that China has been successful in realizing prosperity in the countryside and preventing the rural population from pouring into the urban centers by setting up small cities and towns and developing township enterprises.

The success has won praise from international society and must be continued, he added.

Li noted that urbanizing the population is an inevitable trend from a long-term viewpoint. The reality of the country determines that China's urbanization must follow the way of developing medium-sized and small cities and towns. The increase in the number of township enterprises should be combined with the construction of small towns.

In his speech, Li stressed that China's strategic policy should be to build an agricultural system which saves resources.

That is to say, the whole of society must save water and land. China will exercise strict control over the scale of city construction and of various development zones, township enterprises, and housing for farmers.

Li called on the whole of society to save grain. Animal husbandry and industries, the alcoholic drinks industry in particular, should save grain.

He said that this is a long-term task which requires experimentation right now, accumulating experience gradually and supported by policy, science and technology, and funds.

Vice-Premier Zhu Rongji answered questions raised by delegates concerning the reform of policies for the purchase and sales of grain, cotton and fertilizers.

Also attending at the conference were Hu Jintao, member of the CPC's Politburo standing committee.

Politburo member Jiang Chunyun, who is in charge of agriculture work, presided at the conference.

### **Song Jian Addresses Agriculture Commendation Meeting**

*OW2802112495 Beijing XINHUA Domestic Service in Chinese 1403 GMT 27 Feb 95*

[FBIS Translated Text] Beijing, 27 Feb (XINHUA)—A national meeting to commend promoters of agricultural technology closed today. Leading comrades, including Jiang Chunyun, Wen Jiabao, Song Jian, and Chen Junsheng, met with meeting participants in Zhongnanhai.

At the closing of today's meeting, Song Jian, state councillor and minister of the State Science and Technology Commission, delivered an important speech. He said: Since the beginning of the 20th century, especially since World War II, major breakthroughs and rapid development have been achieved in new- and high-technology typified by electronic information, new materials, and bio-technology, greatly changing the face of

the world and people's lives. Science and technology has permeated our economic development and social lives, becoming the most dynamic factor in promoting the development of modern productive forces, and representing a force decisive to modern social progress. Comrade Deng Xiaoping keenly observed this grand historic trend, explicitly put forward this scientific inference—"Science and technology constitute a productive force and a primary productive force," and profoundly brought to light a decisive role played by science and technology in the development of social productive forces. The party central committee and the State Council promptly demand that we rely on scientific and technological results and improve workers' quality to carry out economic construction and social development. There are two historic missions in our scientific and technological work—to meet the challenge of the global, new technical revolution, and to support national economic development with science and technology.

Song Jian pointed out: The focus of scientific and technological restructuring in the past few years was to strengthen the integration of science and technology with the economy, and to promote popularization of converting scientific and technological results. Popularizing scientific and technological results not only is an important task in orienting our scientific and technological work to the needs of economic construction, but also the most important one. At present, this view should be made clearer because popularizing scientific and technological results is a key link in integrating science and technology with the economy, and plays a crucial role in promoting the conversion and application of scientific and technological results, and in realizing returns to scale.

Song Jian emphasized: China is faced with a uphill task in agricultural development. The final solution to agricultural problems is to rely on science and technology; however, there is a noticeable gap between China's agricultural technological level and that of foreign countries. China's agricultural technology does not meet the requirements of agricultural development. This requires us to seize the opportunity, adhere to scientific studies, and promote the grasping of two links at the same time, so as to turn science and technology—a potential productive force—into a practical force. China develops some 6,000 agricultural scientific and technological results annually. Through popularization and full utilization of present agricultural technology to increase output, the need for technology to produce 1 trillion jin of grain can be satisfied as long as their scale is large; the key is to accelerate the speed in popularizing agricultural scientific and technological results.

During the meeting, all delegates put forward a proposal: To appeal to those engaged in popularizing agricultural technology to continually carry on the hardworking and selfless spirit of devotion to their work, lay a foundation in rural areas, devote themselves to agriculture, serve the peasants, and make new achievements in popularizing agricultural technology.

Those attending today's meeting were comrades in charge of relevant departments under the central authorities and the State Council.

### Minister Urges Success in Early-Rice Production

OW2702025195 Beijing XINHUA Domestic Service in Chinese 0841 GMT 19 Feb 95

[By XINHUA reporter Yang Shanqing (2799 0810 3237) and HUNAN RIBAO reporter Cao Zhongxue (2580 0112 1331)]

[FBIS Translated Text] Changsha, 19 Feb (XINHUA)—All-out efforts should be made to ensure success in early-rice production, which is the first step toward increasing this year's grain output. This was a demand set by Agriculture Minister Liu Jiang during a national early-rice production meeting here.

The meeting was held in Changsha on 18 and 19 February. Comrades in charge of agricultural departments from Hunan, Hubei, Guangdong, Guangxi, Zhejiang, Anhui, Fujian, and Jiangxi attended the meeting. During the meeting, they held a forum on how to do a good job in early-rice production.

After analyzing the state of early-rice production in recent years, Liu Jiang pointed out: To ensure bumper harvests this year, the most important thing to do is to promote new developments in grain production. Early rice is the most crucial part of this crucial task. Concentrating on increasing early-rice production as soon as possible is not only of practical significance to alleviating the strain on current grain supplies, to increasing effective grain supplies, and to controlling inflation but is also of great significance to long-term developments in grain production. Generally speaking, this year's overall situation regarding spring plowing is better than last year's. Relevant policies are sound, markets for agricultural products are brisk, and peasants show greater enthusiasm for growing grain. We must cherish this excellent situation, seize the opportunity, and resolve to increase early-rice production.

Liu Jiang urged southern early-rice growing regions to rehabilitate cultivated areas, increase unit output, improve crop quality, and raise total output. The goals of this year's national early-rice production are: Rehabilitating and expanding cultivated areas to 3 million mu, and increasing average per-mu yield and total output to 15 kg and over 2.5 billion kg, respectively. He expressed the hope that all provinces and regions would carry out their tasks thoroughly in light of local realities in accordance with these goals. To attain early-rice production goals, all localities must adopt the following measures:

- Ensuring the implementation of plans regarding cultivated areas. Judging by information from various localities, early-rice acreage in most areas is either stable or increasing. However, governments at all levels are only developing relevant plans, and a lot needs to be done to ensure that these plans are truly



implemented. Some cadres and people now worry that increased early-rice production will cause "selling problems." According to an analysis, the country's population increases by more than 15 million each year, and the population of migrants and peasant-workers in South China exceeds 20 million annually. The development of animal husbandry requires increased feed output, and demand for early rice is strong. On the other hand, peasants may expand early-rice production without worrying about "selling problems" even if grain output increases by several billion kg. This is because China's early-rice output is only recovering this year from the substantial declines of recent years.

- Ensuring that technical measures will be put in place. This year, attention should be focused on three breakthroughs: 1. Seeking a breakthrough in crop strains, with special emphasis on vigorously expanding areas sown to hybrid early rice; 2. Seeking a breakthrough in growing healthy seedlings, and actively promoting new technology to grow rice seedlings on dry land; 3. Seeking a breakthrough in ensuring basic seedlings, and persisting in rational close planting and systematic cultivation.
- Ensuring materials supplies. At present, the prices of chemical fertilizers and hybrid rice seeds have soared because of shortages. Agricultural departments at all levels should take the initiative in coordinating with relevant departments in producing and supplying means of production, in supplying seeds, and in replenishing shortages to ensure spring plowing and early-rice production. Moreover, they should mobilize the masses to collect farmyard manure to make up for chemical fertilizer shortages.
- In light of this year's potentially serious early-rice plant diseases, insect pests, and possible floods, all localities should be mentally prepared to combat and prevent major disasters, and should thoroughly implement preventative measures.

### Li Zemin Speaks on Early Rice Production

OW2802035195 Hangzhou Zhejiang People's Radio  
Network in Mandarin 1000 GMT 23 Feb 95

[From the "Provincial News Hookup" program]

[FBIS Translated Text] To realize the province's grain production task this year, the key lies in true implementation. This was repeatedly stressed by Li Zemin, Zhejiang Provincial CPC Committee secretary and Zhejiang Provincial People's Congress chairman, and by Governor Wan Xueyuan, at a 23 February forum attended by persons in charge of party and government organs and chairmen of local people's congresses. Li Zemin said at the sessions of the People's Congress and the Chinese People's Political Consultative Conference [CPPCC], People's Congress deputies and CPPCC members had

shown particular concern for the agriculture, grain production in particular, and advanced many pertinent opinions and suggestions, to which he wanted to express thanks on behalf of the provincial CPC Committee and provincial government. Li Zemin added that since last year, many meetings have been held, a lot of documents have been distributed, and much has been talked about concerning the agricultural issue. The key now lies in implementation. When touching on this year's early rice production and spring farming preparatory work, Li Zemin stressed the following: First, it is necessary to give full recognition to the extremely important nature of doing a good job in early rice production, of setting aside the acreage for early rice, and of ensuring early rice output, since early rice has a direct effect on Zhejiang's grain supply balance, grain variety structure balance for the entire year, and grain supply source. The tough task set by the provincial CPC Committee and provincial government for localities to set aside 13 million mu of farmland for early rice planting must be implemented. All levels of leaders must not be afraid of difficulties, must get rid of the ideas of inertia and laissez-faire, and accomplish their tasks in a down-to-earth manner. Second, to do a good job in agricultural work and to raise grain output, cadres must go to work on the farmland. Organs under the provincial CPC Committee and provincial government must take the lead in dispatching cadres to inspect spring farming preparatory work. Local party and government leaders must be personally involved in inspection, implementation, and in providing services, so that the task of early rice production will be genuinely implemented down to every village and every household. Third, measures on supporting early rice production must be quickly worked out and implemented. This year's early grain procurement prices must not be lower than those of last year. Assurances must be given that all early rice will be procured. If necessary, early rice will be procured at a loss. The province's policy on supporting early rice production remains unchanged. Fourth, resolute steps must be taken to prevent the idling of farmland. Careful checks on farmland idling must be carried out. Public media must be mobilized to step up supervision over the issue. Fifth, preparatory work on spring farming must be done well and measures on supply of funds, chemical fertilizer, pesticide, and farm field service must be implemented. Governor Wan Xueyuan also delivered an important speech at the forum. He said: First, we must deliver the 'four guarantees' as promised. Second, farmland must be protected. Third, policies must be implemented. Fourth, work styles must be improved in a down-to-earth manner. All levels of leading cadres involved in the agriculture and in early rice production must change their work styles, take the lead in working on farm fields, and conscientiously do a good job.

Vice Governor Liu Xirong presided over the forum and also spoke at the meeting.

**Statistics Bureau 'Communique' on Agriculture**

OW2802093095 Beijing XINHUA in English 0904  
GMT 28 Feb 95

[FBIS Transcribed Text] Beijing, February 28 (XINHUA)—China enjoyed a good agricultural production last year despite serious natural disasters, but the development of agriculture was slower than that of the economic growth and improvement of people's living standards, according to a communique issued today by the State Statistics Bureau.

The communique, which summed up the past year's national economic and social development, said that the output of grain in 1994 was 444.5 million tons, down by 2.5 percent from the figure for the previous year, adding that the output of sugar, hemp and tobacco also declined somewhat.

However, the communique said, production of vegetables and fruits witnessed growth last year, and cotton production reversed its decreasing trend last year and totaled 4.25 million tons, an increase of 13.6 percent over the previous year.

According to the communique, oil crops marked the highest production in history. A total of 19.84 million tons of oil-bearing crops were got in, up 10 percent from the figure for 1993.

The communique said that steady progress was also made in forestry production. Some 5.9 million ha of land was afforested last year, and the country's forest coverage rate in 1994 was up 13.9 percent over the previous year.

The communique said growth was also made in animal husbandry and fisheries production. The output of meat, which includes pork, beef and mutton, was 43 million tons last year, up 11.9 percent from 1993, and milk production was 5.3 million tons, 6.2 percent higher than in 1993.

**Commentary on Possibility of Increasing Grain Output**

OW2702113795 Beijing XINHUA Domestic Service in Chinese 2114 GMT 22 Feb 95

[Commentary by XINHUA reporters Jiao Ran (3542 3544) and Wang Yanbin (3769 6066 1755): "There Is Great Promise of Increasing Grain Output by Another 50 Billion Kilograms"]

[FBIS Translated Text] Beijing, 23 Feb (XINHUA)—To satisfy the requirements of accommodating population growth, developing the national economy, and achieving a fairly comfortable living standard by the turn of this century, China must increase its total grain output by another 50 billion kg so that it will realize the goal of producing 500 billion kg of grain annually. China has spent 10 years or so to increase its overall grain production capacity from 400 billion kg to 450 billion kg. Can

it realize the goal of increasing its grain production capacity by another 50 billion kg over the next six years?

Chinese agrotechnicians and economists think it will be rather difficult to attain this goal if one analyzes China's potential resources, current material and technological support for agriculture, as well as the history of increasing grain output since the program of reform and opening up was introduced. Nevertheless, a substantial number of experts also believe that the goal is achievable through hard work as long as China smooths the mechanism for shaping grain prices under market economic conditions, tackles key problems, devises meticulous plans, and implements these plans in earnest.

According to state plans, the output of the following major agricultural products will increase from 1993 levels in the year 2000: Grain by 50 billion kg, meat by 10.08 million tonnes, and aquatic products by 10.27 million tonnes. By then, food consumption by China's urban and rural residents will have undergone the following changes: Direct per capita grain consumption will decrease, overall animal food consumption will increase, and both the quantity and proportion of high-quality protein consumption will improve noticeably.

In summing up China's experience in increasing grain production from 400 billion kg to 450 billion kg from 1984 to 1993, relevant experts have reached this conclusion: To develop grain production, we must follow the path of primarily raising unit output, to be supplemented by appropriate wasteland development. To improve unit output, we must rely on increased input and scientific and technological advancement. Given proper basic material conditions, the state's policies toward peasants and agriculture can play a crucial role in increasing grain output. Natural disasters are one of the important factors leading to fluctuations in grain production. Besides expanding production, we must also improve our ability to fight disaster.

Agriculture Ministry experts believe that, technically speaking, the transformation of low- and medium-yield farmland will be the key determinant in increasing overall grain production capacity by 50 billion kg over the next six years. China now has approximately 900 million mu of low- and medium-yield farmland. Current experience indicates that transformation can raise the average per-mu yield of low and medium-yield grain farmland by some 100 kg. Over the next six years, 360 million mu of farmland can be transformed. Based on the 75-percent grain-cropping index and the 150-percent multiple-cropping index, grain output can be raised by more than 40 billion kg. Through the dissemination and application of conventional technology, grain output on low and medium-yield farmland that will not be transformed for the moment can be raised by more than 10 billion kg. Through interplanting, the development of winter agriculture in southern regions, and the increase of 3.5 percentage points in the multiple-cropping index,

grain acreage can be increased by 25 million mu, and grain output can be raised by approximately 6.25 billion kg.

According to national land-utilization plans, newly developed and reclaimed land will total 3.6 million mu over the next six years, and this can increase grain acreage by 33.75 million mu, and grain output by over 8.5 billion kg. The aforementioned measures can increase grain output by approximately 60 billion kg. Meanwhile, according to general national land-utilization plans, cultivated land will decrease by 54 million mu over the next six years, causing a reduction in grain output by 14.5 billion kg. According to projections based on all these factors, annual grain output can be increased by nearly 50 billion kg by the turn of this century.

Agricultural experts note: Now that we have worked out plans and technical measures for increasing grain output, the key lies in ensuring that the agricultural policies of the party Central Committee and the State Council, especially those regarding capital input, will be implemented.

#### **Commentary on Importance of Spring Farming**

OW2702013695 Beijing Central People's Radio  
Network in Mandarin 2230 GMT 19 Feb 95

[Commentary: "A Discussion on the Agricultural Means of Production During the Spring Farming Season" by Central Station reporter (Cai Xiaolin); from the "News and Press Review" program]

[FBIS Translated Text] A seed sown in the spring will yield a harvest of 10,000 dan [a unit of dry measure for grain equivalent to 1 hectoliter] of grain in the autumn. The spring is a season that carries within itself the seeds of a bumper harvest. It is now the season for annual spring farming. The supply of agricultural means of production has once again become a topic of concern for hundreds of millions of peasants.

According to a report prepared by production management departments, although spring farming fertilizers are in comparatively short supply, and although there is a comparatively big gap between supply and demand this year, thanks to the direct concern of the party Central Committee and State Council, management departments are organizing the sources of supply by every possible means and industrial production departments are operating at maximum capacity day and night in a bid to deliver chemical fertilizers and other agricultural means of production to peasants as soon as possible. On the other hand, judging from the actual conditions in all areas, we can see some problems still exist. It is still necessary for some areas to further secure the source of fertilizer supply for spring farming. Meanwhile, peasants are more concerned than anything else about whether materials can be supplied in a timely manner and at a

reasonable price. Though the state has raised the purchase prices for grain and cotton several times in recent years, the increase in the prices of agricultural means of production has still put considerable pressure on peasants. According to a briefing by relevant departments, important reasons for the increase in the prices of agricultural means of production year by year have been the production costs pushing up selling prices, a sharp rise in import prices, and a decrease in financial subsidies. Some units and individuals without the conditions or qualifications to deal in agricultural means of production have also become involved in the business, greatly affecting the rise in the price of agricultural means of production. Last year, the State Council made it a specific rule that companies specializing in agricultural means of production should be the main channel for agricultural materials. However, the current phenomenon of conducting business through multiple channels has become more common again. Conducting business through multiple channels not only disrupts the supply of agricultural means of production to the market and drives up prices, but can become a source of fake and shoddy agricultural materials.

A state department in charge recently called on all areas to resolutely implement state provisions, reduce the number of middlemen, and bring the prices of agricultural means of production under strict control during spring farming this year. It raised a specific requirement that the highest retail prices of chemical fertilizers and other agricultural means of production must not exceed the ceilings set by the state through the exercise of control. Under no circumstances shall such ceilings be exceeded. Law-enforcement departments also mentioned the necessity of conscientiously strengthening control over the market, the need to ban fake and shoddy agricultural products, and to practically consolidate the order of circulation. It is hoped each of these measures will be carried out.

Public feeling will stabilize if there is a sufficient supply of grain and peace will prevail in the country if the agricultural sector is stable. The contradiction between a huge population and a scarcity of land is already very conspicuous in China. Recent statistics show a decrease of 5 million mu in cultivated area. According to our plan, China's agricultural sector is to attain a new level of development, namely, achieve the goals of increasing the grain output by an additional 100 billion jin [a unit of weight equivalent to 0.5 kg], cotton output by an additional 10 million dan [a unit of weight equivalent to 50 kg], meat output by an additional 10 million tonnes, and aquatic products output by an additional 10 million tonnes. There is no reason for us to be slack in our work in the face of such arduous tasks to be fulfilled in such a short time. There is only one thing left for us to do, namely, work steadily and make solid progress, and successfully handle the tasks in every aspect of the agricultural sector in a down-to-earth manner.



**Economist Predicts Grain Shortage To Continue**

HK2702062495 Hong Kong HONGKONG STANDARD  
in English 27 Feb 95 p 6

[By Sherman Chan]

[FBIS Transcribed Text] A Leading Chinese economist has predicted that the short supply of grain will not improve this spring. He said that the re-introduction of grain and cooking oil coupons in China's major cities had run counter to market-oriented reform.

Beijing University economics professor Xiao Zhuoji said: "The reintroduction of coupons has not made any impact and seems to have put the clock back." In trying to reduce the inflation rate, some regional governments have adopted the measures which they used under the traditional planned economy, Prof Xiao said. In addition to re-issuing coupons, some regions have frozen the price ceiling for grain. "Neither are market economy oriented measures at all," he said.

But the re-introduction of coupons has been praised by some central authorities as an effective way to protect urban families from the ravages of inflation. At the end of last year, more than 20 major cities had re-introduced coupons to limit demand on grain and cooking oil. They said such a measure was aimed at protecting low-income families.

But with coupons, urban residents could buy only low-quality grain and cooking oil and many consumers had not bothered to get the coupons, Prof Xiao said. "Guangdong province will not reissue grain coupons, unless the situation gets too bad," provincial governor, Zhu Senlin said at the plenary session of the provincial National People's Congress.

Last year, the province's grain harvest of grain increased by nearly 300,000 tonnes compared with the previous

year. But the entire country was not as lucky as Guangdong. China lost 12 million tonnes of grain last year.

Grain is also expected to be in short supply this spring, the professor said. This would be one major reason to maintain the inflation rate at a high level, he said. "Inflation will not calm down until the third quarter of this year," he said. But a drop in the inflation rate was dependent on a good harvest of grain this summer, he said.

**'Urgent' Meeting on Recovering Wastelands**

HK2802064095 Guangzhou Guangdong People's Radio  
Network in Mandarin 1000 GMT 23 Feb 95

[FBIS Translated Text] The provincial government held an urgent telephone meeting today to arrange an investigation and reclamation of wastelands. At the meeting, Vice Governor Ou Guangyuan stressed the need to check on and reclaim wastelands in one month. This is an important and urgent task facing governments at all levels. Ou Guangyuan continued: The problem of wastelands, which stand at 500,000 mu, is very prominent now. We must take March and April this year as our action months for checking on and reclaiming wastelands, during which the provincial authorities will send 10,000-strong work teams to check on wastelands so that a recovery rate of 80 percent will be achieved.

Ou Guangyuan pointed out: Localities that cannot fulfill the provincial government's requirements for checking on and reclaiming wastelands will be given an open warning notice, leaders who obstinately refuse to carry out instructions will be given administrative punishments, and those who do well in this respect will be publicly commended.

Secretary Xie Fei and Governor Zhu Senlin gave important instructions prior to this telephone meeting.

## East Region

### Jiangsu's Leading Comrades Attend Discussions

OW2702155795 Nanjing Jiangsu People's Radio  
Network in Mandarin 2300 GMT 22 Feb 95

[From the "702 Morning News" program]

[FBIS Translated Text] The Third Session of the Eighth Jiangsu Provincial People's Congress began on 22 February small group meetings on examining and discussing the government work report delivered by acting governor Zheng Silin. Chen Huanyou, Zheng Silin, Shen Daren, Sun Han and other leading comrades attended the small group meeting to hear the deputies' views. Please listen to a report dispatched by (Chen Xun), (Fan Youjun) and (Sun Xue) of this station.

The government work report aroused warm repercussions among the deputies. During group discussions, they vied to express their views freely. They are inspired by and proud of the remarkable achievements of Jiangsu in various fields in 1994. Many deputies from grass-roots units cited the great changes in their localities to confirm the figures and data of the work report. They commented on the 1995 work concept and objectives put forward by Acting Governor Zheng Silin in his report as conforming to Jiangsu's realities and attainable with efforts, saying that the two major objectives and three strategies will firm people's confidence.

Chen Huanyou attended the group discussion of the Suzhou delegation and said during discussion: Jiangsu's cadres are of superior quality and the people are reasonable; and this is an important factor for our achievements. In 1991, Jiangsu reaped bumper agricultural harvests despite floods and made very good industrial achievements, thanks to the efforts of the cadres and the people. When the province suffered bad droughts in 1994, the cadres and the people worked hard with one heart and mind for economic development across the province. We should provide more support and encouragement and less interference and fault-finding to the enthusiasm displayed by the cadres and the people.

Chen Huanyou pointed out: We must ensure good public order to give the people a sense of security.

Zheng Silin attended the group discussion of the Yancheng delegation. He said: The government work report is a product of collective wisdom. The objectives and tasks put forward in the report require concerted efforts to accomplish. Please examine and discuss the report seriously and make revision suggestions.

On the question of how to promote enterprise reform raised by some deputies, Zheng Silin emphasized: Reform is a redistribution of interest. While we should consider the endurance of enterprises and individuals over a certain reform, we should take into account even more their endurance over all reforms combined.

On the restructuring of agriculture, Zheng Silin said: We should not simply interpret this as only a restructuring of crop cultivation. It is the restructuring of agriculture in a larger sense, involving also some nonagricultural aspects.

Shen Daren attended the group discussion of the Wuxi delegation. He said during the discussion: You come from grass-roots units and have more contacts with the realities of life. Please make more comments and suggestions.

A deputy said that it is very important to curb inflation and manage well the commodity market. Shen Daren said that it is indeed very important, and the report should reflect the importance.

Sun Han also attended the group discussion of the Wuxi delegation. On the orientation of development for village and town enterprises, Sun Han said that village and town enterprises should enhance their vigor and economic efficiency and should particularly strengthen their self-restraint and self-supervision mechanisms.

In the afternoon, some deputies specifically examined and discussed the portion of the report dealing with the strengthening of agriculture.

### Acting Jiangsu Governor on Economic Problems

OW2702165495 Shanghai People's Radio Network in  
Mandarin 2300 GMT 22 Feb 95

[Report on "exclusive" interview with Zheng Silin, acting governor of Jiangsu Province by station reporters (Yuan Hui) and (Zhou Dao) and RENMIN RIBAO reporter (Wu Yuan); from the "990 Morning News" program]

[FBIS Translated Text] Listeners! Zheng Silin, acting governor of Jiangsu Province, is the fifth guest of the "1995 Hotline Program for the Governors and Mayors in East China", which is co-sponsored by the station and RENMIN RIBAO, Huadong Branch. The following is a report filed by station reporters (Yuan Hui) and (Zhou Dao) and RENMIN RIBAO reporter (Wu Yan) on an exclusive interview with Zheng Silin in Nanjing conducted by the station.

[Begin recording] [Unidentified reporter]: Being a neighboring province of Shanghai Municipality, Jiangsu leaders are usually known to Shanghai's people. However, comrade Zheng Silin, acting governor of Jiangsu Province, is less known to quite a few of Shanghai's people and even to many people in Jiangsu. This is because he came from Beijing and has worked in Shanghai for only half a year. Earlier, he was vice minister of foreign trade and economic cooperation. To him, there is a problem of role adjustment in being transferred from the post of vice minister of foreign trade and economic cooperation to taking charge of a large province. He said great differences exist.

[Zheng]: As far as policymaking is concerned, the Ministry of Foreign Trade and Economic Cooperation is a major policymaker in foreign trade policies. In localities, we are an executor, rather than a policymaker in the process of policymaking. Basically, we carry out our work in line with the party central committee's and the State Council's policies and in light of local realities. We are executors in the process of policymaking. In implementing policies, we become a policymaker. In implementing policies, aides need to ask their superiors for instructions in many cases. In a province, to a very large degree we should rely on the provincial government and party committee to carry out the party central committee's and the State Council's policies in light of local realities and become a policymaker. In my opinion, this is the biggest difference.

[Reporter]: Jiangsu's total industrial and agricultural output value has led the nation for three years in a row; however, like Shandong and other provinces, unbalanced development exists in the province. There is a big economic gap between southern and northern Jiangsu. Zheng Silin said there is a tendency that the gap will widen further. In addition to regional factors, there are many factors, including education, contributing to this situation. Narrowing this gap is a long-term task, and we should not relax our efforts.

[Zheng]: A wide economic gap exists between northern and southern Jiangsu. We may say the gap is widening within a certain time period. We have attached great importance to this issue. As a whole, Jiangsu should improve its people's living standard to a better-off level of moderate prosperity and carry out modernization, not just achieve modernization and moderate prosperity in some areas. As of the end of 1994, Jiangsu has achieved or basically achieved moderate prosperity in most locales; however, many difficulties exist in some counties in northern Jiangsu. There are about 11 counties where people's income is rather low. We have listed them as poor areas—they are mainly located in (Jiufang) and (Gudao).

[Reporter]: Acting Governor Zheng Silin said we cannot resolve this problem easily in a short time. We should make long-term, unremitting efforts. The just-concluded Jiangsu party congress has decided to achieve moderate prosperity throughout Jiangsu by the end of the 20th century. There are only six years [as heard] left. Therefore, Zheng Silin said on the one hand, this is a long-term task; on the other hand, we only have six years left and should have a strong sense of urgency to narrow the economic gap between southern and northern Jiangsu. [end recording]

#### **Jiangsu People's Congress Elects New Governor**

OW2802040695 Beijing XINHUA in English 0328  
GMT 28 Feb 95

[FBIS Transcribed Text] Nanjing, February 28 (XINHUA)—Zhen Silin was elected governor of Jiangsu

Province at the third session of the Eighth Provincial People's Congress, which closed in the capital city of Nanjing today.

Zhen was born in 1940 in Wuxian County of Jiangsu Province. He has a college education background and started to work in 1963. He joined the Communist Party of China in 1965, worked at the Dandong Automobile Repair Plant in Liaoning Province between 1965 and 1981, and served as director of the Dandong Television Parts Factory in Liaoning between 1982 and 1983, as deputy mayor of Dandong City in 1983 and 1984, as director of the Provincial Committee of Foreign Trade and Economic Cooperation of Liaoning in 1984 and 1985 and as assistant Liaoning Governor.

He served as deputy governor of Shannxi Province between 1989 and 1993, and as vice minister of Foreign Trade and Economic Cooperation in 1993 and 1994. He served as deputy secretary of the Jiangsu Provincial Committee of the Communist Party of China and acting provincial governor in 1994.

Zhen is an alternate member of the 14th Central Committee of the Communist Party of China.

#### **Leaders Write for New Jiangxi Periodical**

HK2802050095 Nanchang JIANGXI RIBAO in Chinese  
28 Jan 95 p 1

[By Fang Yanru (2455 5333 5423): "JIANGXI TONGXUN, Mouthpiece of Jiangxi Provincial CPC Committee, First Issue Published"]

[FBIS Translated Text] The first issue of the comprehensive monthly JIANGXI TONGXUN [JIANGXI CORRESPONDENCE—3068 6007 6639 6061], established by the Jiangxi Provincial CPC Committee as its official periodical, came off the press a few days ago.

The issue carried provincial party committee Secretary Mao Zhiyong's inscription, "Serve well as the provincial party committee's mouthpiece and be the masses' good teacher and helpful friend," as well as his article, "Lifting Agriculture to a New High According to a New Thought and Through Reform," which comprehensively and intensively discusses ways to modernize traditional agriculture, and to accelerate rural economic development. The issue also ran Governor Wu Guanzheng's article, "Continue Taking Firm Steps Toward the Second-Step Strategic Goal," which set out the general ideological guidance, objectives, and tasks for 1995's economic work, as well as seven measures to attain these objectives.

The party secretaries or mayors of Nanchang, Jiujiang, Jingdezhen, Xinyu, and Fuzhou also published articles in the issue, giving an account of the principles they will follow in 1995. The issue also contained other articles, including "Review of, and Prospects for Our Province's Economic Situation" and "'Three-High' Agriculture Writes a Beautiful Chapter," which review and analyze



Jiangxi's 1994 economic performance. The issue also featured reports on the typical experience in, and the present situation with industrial and agricultural production, foreign trade, and operations against pornography and ruffians.

### **Jiangsu's Privately-Owned Businesses Increase**

OW2802070295 Beijing XINHUA in English 0621  
GMT 28 Feb 95

[FBIS Transcribed Text] Nanjing, February 28 (XINHUA)—The number of privately-owned enterprises in this capital city of east China's Jiangsu Province surged to 5,000, 13 times the 1991 figure.

Their registered capital increased by 121 percent, and their combined output value rose by 162 percent in the past four years, said a local industrial and commercial official.

The taxes paid by these enterprises accounted for 11 percent of the city's total revenue.

These privately-owned firms experienced gratifying changes recently, the official said.

For instance, more and more owners of privately-owned firms are M.A. degree holders, professors or senior engineers. Over 40 percent of employees are college or university graduates.

The number of large enterprises increased. Those with a registered capital of at least 1 million yuan each exceeded 100.

The range of their production became diversified. An increasing number of enterprises have shifted from service trades to technology-oriented production. Thirty firms have established overseas trade links.

### **New Shandong Governor Interviewed**

HK2502073095 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1240 GMT 24 Feb 95

[Report on interview with Li Chunting, newly elected governor of Shandong Province, by reporter Wang Luping (3769 7627 1627); in Jinan 24 Feb]

[FBIS Translated Text] Jinan, 24 Feb (ZHONGGUO XINWEN SHE)—In light of the resignation of Zhao Zhihao, secretary of Shandong CPC Committee, from the office of Shandong governor, the ongoing Third Session of the Eighth Shandong People's Congress this afternoon elected Li Chunting as governor according to legal procedures.

Li Chunting, the 59-year-old newly elected governor, has been an alternate member of the CPC Central Committee, deputy secretary of Shandong provincial party committee, and executive vice governor.

A native of Lotang village, Zhaili township in Shandong's Qixia county, Li Chunting was a farmer after he

graduated from middle school. He assumed the village, township, county, prefectural, and city leading posts, respectively. He was director of the Shandong Metallurgical Bureau in 1976, and engaged in economic work for some 20 years.

In an interview given to ZHONGGUO XINWEN SHE after his election as governor, Li Chunting expressed his viewpoints on administration:

First, uphold the guidance of Deng Xiaoping's theory of reform and opening up with Chinese characteristics; integrate the central authorities' plans with Shandong's realities; and based on the achievements attained, make new progress in all fields of work in Shandong, which is one of China's big economic provinces.

Second, rely on the masses of the people. The government is the people's government, where the people are the masters. Whether I can do a good job as a governor depends whether I can wholeheartedly rely on the people, and see whether the things done are supported by the people. I will do my best, and will handle well whatever the people support. The people's demands and expectations should be the starting point and standpoint of the government's correct policy decisions. We should put the interests of the people above everything else, never abuse power for personal gain, and keep ourselves free of corruption.

Third, we should keep all our behavior within the bounds of law, bring all Shandong's work onto the track of the legal system, and apply laws and regulations to exercise supervision over government work.

In conclusion, Li Chunting said that during his term of office as governor, he will work in a down-to-earth manner, and will contribute to Shandong's economic take-off.

### **Shandong Secretary Speaks on Current Tasks**

SK2602022595 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 25 Feb 95

[FBIS Translated Text] The Shandong Provincial CPC Committee sponsored a meeting of secretaries from the party committee of various cities and prefectures in Jinan on the evening of 24 February. During the meeting, the participating secretaries implemented the spirit of the third session of the eighth provincial people's congress and the spirit of the third session of the seventh provincial Chinese People's Political Consultative Conference [CPPCC] committee. They also discussed and made arrangements for the current work in various fields.

During the meeting, Li Chunting, deputy secretary of the provincial party committee and governor of the province; and Zhao Zhihao, secretary of the provincial party committee; delivered important speeches.

Zhao Zhihao pointed out: We should continuously uphold the principle of fulfilling in an overall way the

tasks for developing the national economy this year by regarding economic construction as a center. We should also continuously reinforce the agricultural economy. Over the past two months, the province as a whole has suffered a serious drought because of the continuous rise in the temperature and [words indistinct]. There is a trend in which the drought may further achieve development. Various localities should start work early and do a good job in conducting spring farming by regarding the task of combating the drought as a center. They should also do a good job in planting trees and building water conservancy works so as to lay a solid foundation for reaping a bumper agricultural harvest this year. We should continuously do a good job in conducting reform in various fields by regarding the reform among the state-owned enterprises as a focal point, in emphatically grasping the pilot work of establishing modern enterprise systems, and in standardizing the existing shareholding enterprises. We should also deal with adequately the partial debts and social burdens of the state-owned enterprises and actively explore an effective way to manage and utilize the state-owned assets to enable the business mechanism of these enterprises to be oriented very rapidly into the track of the market economy. We should continuously expedite the opening up, achieve development in this regard at higher levels, and carry out economic and technical cooperation and exchanges with foreign countries at the highest level and in the most extensive field. We should make a new breakthrough in the concept of bringing in capital from large foreign financial groups and enterprises to develop the projects of high-and-new technologies and large projects.

Zhao Zhihao pointed out: We should uphold the principle of taking a two-handed approach and being tough with both hands and unswervingly and successfully grasp the construction of spiritual civilization, the construction of democracy and legal systems, and the construction of the party. We should deeply carry out the campaign of learning from Comrade Kong Fansen among leading cadres at all levels, from Comrade Wang Tingjiang among cadres at the grass-roots level, and from Comrade Han Suyun among the people across the province. Efforts should be made to continuously enhance the construction of democracy and legal systems and to regard party building as regular and important work undertaken by party committees at all levels so as to [words indistinct] and to provide a strong and effective organizational guarantee for the province's programs of reform, opening up, and socialist modernization.

Zhao Zhihao stressed: We should make all-out efforts to unswervingly do a good job in building up party style and administrative honesty and to further upgrade our sense in the anticorruption struggle. We should continuously do a good job in launching the anticorruption struggle in the province as a whole and in building up party style and administrative honesty by being highly responsible for the party and the people, by adopting effective measures, and by taking active and responsible action.

Attending the meeting were leading comrades from the provincial party committee, the provincial people's congress standing committee, the provincial people's government, and the provincial CPPCC committee; including Li Wenquan, Han Xikai, Song Fatang, Li Zhen, and Lu Maozeng; as well as secretaries from the party committee of various cities and prefectures and principal responsible comrades from various departments and commissions under the provincial party committee and from comprehensive departments under the provincial people's government—more than 80 persons in all.

### **New Shanghai Mayor Stresses Enterprise Reform**

*HK2402123995 Beijing ZHONGGUO XINWEN SHE  
in English 0951 GMT 24 Feb 95*

[FBIS Transcribed Text] Shanghai, February 24 (CNS)—The vice mayor of Shanghai Mr. Xu Kuangdi, who is in charge of comprehensive economic affairs, is elected to be mayor of the city at the 3rd session of the Municipal People's Congress today.

Delivering an inaugural speech, Mr. Xu said that he would have to devote himself to his new post and that he would work with his colleagues as well as the entire Shanghaiese to maintain reform and economic development. He added that the municipality was enjoying a prime chance as well as facing arduous duty. The new mayor stressed that Shanghai had to resolutely carry out the reform and push forward exploitation of the Pudong New Zone. He will give strong support for the restructuring of medium and large-sized state owned enterprises. Efforts will be made to combine public ownership with the market economy system while adjustment of industrial pattern and the restructuring for a modern enterprise system will go on. Strength possessed by the municipality in such sectors as science and technology, education and talent resources will be exerted. Great attention will be given to construction of housing and traffic in order to improve living condition and upgrade modernization of the municipality.

Mr. Xu, a native of Zhejiang Province born in December, 1937, is a professor who joined the Communist Party of China (CPC) in June, 1983. He is an alternate member of the 14th Central Committee of CPC and deputy secretary of the Shanghai Party Committee.

Graduated from the Beijing Institute of Iron and Steel Engineering in 1959, Mr. Xu is a renowned state level expert on production of reinforced steel and metallurgy and holds a leading post in education department for a long time. He was once a tutor for post-graduate students in Shanghai Polytechnic University. During March, 1984 and June, 1985 he was hired by a Swedish company as a vice chief engineer and technological manager. He showed good performance and received high praise. He once visited some 30 countries and regions.

Mr. Xu is good at education and economic work. During his tenure as vice mayor of the municipality, Mr. Xu

assisted the mayor to handle routine work of the municipal government in which he took part in policy making and took coordination and organization duty, showing his ability of leadership. He is considered a creative person with a frank and open disposition. By employing democratic practice Mr. Xu shows solidarity with his colleagues and practices clean administration.

#### Shanghai Speeds Up Industrial Development

OW2702155495 Beijing XINHUA Domestic Service in Chinese 2126 GMT 24 Feb 95

[By correspondent Shi Wenjun (0670 2429 6511)]

[FBIS Translated Text] Shanghai 25 Feb (XINHUA)—Shanghai will speed up the cultivation and development of industrial groups using high and new technology in the next three years.

By 1997 the communications industry, the first and foremost project, will turn out 20 billion yuan in total value of sales and 4.5 billion yuan in profits and tax payments, and will set up an industrial structure comprising cable and wireless communications and terminals, thereby increasing the rate of domestically made complete sets of communications industrial equipment. Meanwhile, efforts will be made to develop industries using new technology in microelectronics, bioengineering, new materials, laser technology, electromechanics, robots, and flexibility processing. In the next three years, these industrial departments will produce 10 new growing points, each turning out more than 100 million yuan in output value. Projects already decided upon include 0.8-1 mm and 1.2 mm large and extra large integrated circuits, as well as package and optical electronics industries; household multimedia computers and software as well as peripheral equipment; genetic medicine, genetic diagnosis, and new therapeutic materials and equipment; industrial and household water treatment films; electromechanical products; artificial crystals and components; new building materials; and nuclear technology for civilian use.

In addition, to continuously produce new growing points for industries using high and new technology, Shanghai has also decided to carry out 60-70 projects for intermediate experimentation and development of such industries.

#### Shanghai Halts State Bond Futures Trading

OW2702170595 Beijing XINHUA in English 1654 GMT 27 Feb 95

[FBIS Transcribed Text] Shanghai, February 27 (XINHUA)—State bond futures trading through free quotation is temporarily stopped starting from today, according to a circular issued by the Shanghai Stock Exchange.

State bond trading will be conducted inside the exchange through negotiation, with no member company, individual, or organization being allowed to make any new deals on state bonds after trading based on negotiation starts today.

The maximum trade volume investor as individuals or organizations allowed to handle is to be reduced by about 67 percent and 40 percent, respectively, and investors should adjust their business accordingly as compulsory measures will be adopted for this purpose from March 1, according to the circular.

It also clarifies the types of state bonds and trading procedures based on negotiation, saying that the stock exchange will notify the public when state bond trading through open quotation resumes.

A spokesman for the Shanghai Stock Exchange said that it has consulted the China Securities Regulatory Commission about this circular and the other one that was published on February 24.

XINHUA was told that the two circulars were issued because the exchange stock discovered irregular futures trading activities in state bonds coded "327" when a certain member company deliberately violated the regulations affecting the settlement prices on February 23.

The state bond market in Shanghai has been developing rapidly since last year when the spot and futures trading volume of state bonds on the exchange reported a record high at 1.956 trillion yuan, of which 1.9 trillion yuan was in futures.

Wei Wenyuan, the new president of the Shanghai Stock Exchange, said earlier this year that supervision would be tightened in the market, and that a computer monitoring system there is capable of detecting fraud and other violations quickly.

#### Shanghai To Offer 'Old-Age Insurance System'

OW2802025495 Beijing XINHUA in English 0231 GMT 28 Feb 95

[FBIS Transcribed Text] Shanghai, February 28 (XINHUA)—Shanghai, the leading economic center in the country, will carry out an old-age insurance system among the self-employed, privately-run enterprises and their employees this year, municipal government officials said here today.

There are now 126,000 self-employed workers and about 4,200 privately-run enterprises in the municipality.

The city began to experiment with old-age insurance system in the private economic sector in 1993. Over the past year or more, the coverage by the system has extended from three districts and a county to 20 districts and counties all over the city. The authorities decided that the conditions are mature for the all-round implementation of the system.

The pension fund will be jointly set up by the government, enterprises and individuals. The self-employed businessmen will be responsible for 18 percent of the fund.



## Southwest Region

### Sichuan Party Chief on News Publicity, Reporting

HK2802114295 Chengdu Sichuan People's Radio  
Network in Mandarin 2300 GMT 24 Feb 95

[FBIS Translated Text] Xie Shijie, secretary of the Sichuan Provincial CPC Committee, Deputy Secretary Song Baorui, and Xi Yifang, provincial party committee standing committee member and director of the propaganda department of the provincial party committee, and other leading comrades listened to the reports submitted by the Sichuan Branch of the XINHUA News Agency, the office of SICHUAN RIBAO, the Sichuan People's Broadcasting Station, the Sichuan Television Station, and the Sichuan Cable Television Station yesterday afternoon. After hearing the reports, Comrade Xie Shijie made an important speech on how to further strengthen the province's news publicity and reporting work.

Comrade Xie Shijie said: Since the beginning of 1995, newspapers, radio broadcasting and television stations, and other news media units have adhered to a correct opinion orientation and done solid work, thus making important contributions in propagating Sichuan, promoting the province's economic development, and maintaining social stability. Last year, the province's GNP increased by 11 percent, industry grew at a rate of 17 percent, a good grain harvest was reaped, economic revenues rose by a wide margin, and township and town enterprises developed rapidly. These achievements are inseparable from the news media units' hard work to propagate the news.

When talking about the news publicity work in the days to come, Xie Shijie said: News media units should continue to uphold the party's basic line; grasp the overall situation of grasping opportunity, deepening reform, opening wider, promoting development, and maintaining stability in whatever they do; firmly grasp economic construction as the center of all our endeavors; guide people using correct public opinions, and uphold unity, stability, and the enhancement of fighting spirit. Our publicity work should help people come close together, heighten their fighting spirit, and uplift Sichuan's economy to a new height.

When discussing the issue of strengthening and improving news reporting and serving as the party's ears, eyes, and mouthpiece, news reporting must properly handle the relationship between prescription, accuracy, and truthfulness. He said: While paying attention to prescription, our news reporting must pay greater attention to accuracy and truthfulness. When the two contradict each other, the former should submit to the latter. He urged news media units to effectively strengthen leadership and do a good job of publicity work in strict accordance with the requirements set by the party.

Comrade Xie Shijie hoped that editors and reporters in the news media units would study better, especially

study of the guiding principles and policies of the party and government and continuously improve their political quality and professional competence. He encouraged them to go deep into the realities of life, get close to the masses of people, and improve their work style. Comrade Xie Shijie urged leaders of the news media units to concentrate main energies on doing a good job of publicity work, properly handle the relationship between publicity and income earnings, and ensure that the latter submit to the former to ensure the smooth completion of publicity work.

When dealing with the present news reporting, Comrade Xie Shijie said: All news media units should place great stress on conducting more publicity work in such areas as agriculture, large and medium state-owned enterprises, the construction of small cities and towns, and culture.

After hearing the reports by various news media units, Xie Shijie, Song Baorui, Xi Yifang, and others offered ways to solve the difficulties and problems raised by the various units.

### Danzim Addresses Tibetan New Year Gathering

OW2702165995 Lhasa Tibet Television Network in  
Mandarin 1200 GMT 27 Feb 95

[Announcer-read report over video; from the "Regional News Hookup" program]

[FBIS Translated Text] The Chinese People's Political Consultative Conference (CPPCC) Tibet Autonomous Regional Committee held a tea party to celebrate the Tibetan New Year on 23 February. Pagbalha Geleg Namgyai, vice chairman of the National People's Congress Standing Committee; and regional party, government, and military leaders Basang, Danzim, Yang Chuantang, Zi Cheng, Puqung, Pudoje, Gong Daxi, Baimaduoji, Toinzhub, Cering Zhuoga, Luosang Danzeng, Jangzhong Zhaxi Doje, Jimzhong Gyaincain Puncog, Tangmai Gongjue Baimu, Gonbasar Tubdanjigzha, Duojizha Jiangbailuosang, Qaba Gaisa, Wangdui, Cedain Zhoima, Zhou Qishun, Xu Hongsen, Yang Chaoji, Yang Youcai, Gama Cedain, and Zhang Zhu were present on the occasion.

Basang, deputy secretary of the regional party committee and vice chairman of the CPPCC regional committee, officiated the gathering.

On behalf of the regional party committee and people's government, Danzim, deputy secretary of the regional party committee, extended best holiday wishes to people from the ethnic, united front, and religious circles as well as the upper-stratum patriots of all nationalities and all sectors at the gathering.

In his speech, Danzim said: In recent years, large numbers of people in the ethnic, united front, and religious circles as well as upper-stratum patriots in all sectors in Tibet, under the leadership of the CPC, have worked

concertedly with the people of the entire region; and have persisted in taking economic construction as the central task and in seizing the opportunity, deepening reform, and opening up wider, thereby making great contributions to developing the regional economy, to safeguarding the motherland's unification and the unity among nationalities, to opposing splittism, and to maintaining social stability. Each and every step made in the cause of Tibet always crystallizes the painstaking efforts of the ethnic and religious circles as well as upper-stratum patriots. The CPC and the people of Tibet will always remember the efforts and contributions made by you all.

Danzim said: Upholding the banner of patriotism and unification, the ethnic and religious circles and upper-stratum patriots in the region not only made significant contributions to Tibet's peaceful liberation; they have also consistently shared weal and woe with the CPC and treated the party with utter sincerity over the several decades, working assiduously and making useful suggestions for Tibet's socialist modernization. The CPC will never forget old friends who have always adhered to the progressive stance and cooperated with the party over a long period of time. The CPC will continue to share weal and woe with you and treat you with all sincerity, to uphold the banner of patriotism and socialism, to implement the CPC's policy toward ethnic minorities and religion comprehensively and correctly, and to continuously consolidate and expand the patriotic united front. The party will strive to establish and develop the broadest alliance between the masses of working people; and far-sighted people in the ethnic, religious, economic, and intellectual circles; upper-stratum patriots; and Tibetans overseas who support the motherland's unification under the leadership the CPC, uniting all forces that can be united and mobilizing all positive factors to work together to rejuvenate and achieve economic prosperity in Tibet.

Danzim said: We hope that the ethnic and religious circles, upper-stratum patriots, and friends of all nationalities and in all sectors will continue to work with us with one heart and one mind, stepping up contacts and political consultations, exercising mutual supervision, and relying on and helping each other. We hope that you will make good use of your position to befriend people in various circles, to work hard to forge ties with and conduct publicity among the masses, and to promptly reflect suggestions and demands of the people of all nationalities and in all sectors, thereby continuing to make positive contributions to safeguarding the motherland's unification, to strengthening the unity among nationalities, to opposing splittism, and to promoting economic and social development.

On behalf of the CPPCC regional committee, its vice chairman Jimzhong Gyaincain Puncog said: In the coming year, CPPCC organizations at all levels and members, as well as personalities of all nationalities and in all sectors in Tibet should rally closer around the party

central committee with Comrade Jiang Zemin as the core; and under the regional party committee's direct leadership, should uphold the banner of patriotism and socialism, unswervingly follow Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, mobilize all positive factors, unite all forces that can be united, and pool the wisdom and efforts of all in safeguarding and developing the situation of stability and unity and in striving to build Tibet into a united, prosperous, civilized new region. [Jimzhong is seen in medium shots, standing and reading from script]

Literary and artistic workers presented a great variety of programs at the gathering.

### **Tibet Accelerates Market Economic Development**

*OW2602133195 Beijing XINHUA Domestic Service in Chinese 2117 GMT 20 Feb 95*

[By reporter Yang Zhen (1135 3791)]

[FBIS Translated Excerpt] Lhasa, 21 Feb (XINHUA)—Over the last few years, Tibet has accelerated market economic development; as a result, individual and private businesses have become the centerpiece of the autonomous region's commercial activities.

As reform of the commercial system has deepened, the monopolization of commercial activities over the years by state-owned companies in Tibet has been broken; and a multilevel and multichannel distribution system with fewer links has gradually begun to take shape. In particular, collective and individual businesses have developed rapidly.

Tibet's market development has accelerated noticeably. Its market facilities have become more complete day by day, and the market has initially begun to serve as a basic means for apportioning resources. The autonomous region has adopted quite a few preferential policies concerning market building, invested in building and revamping markets, and continued to upgrade markets and improved their functions. It has freed itself from building only country fair markets; and has taken new steps to diversify the functions of markets, to increase the levels of markets, to regularize markets, and to manage markets according to the law. As a result, an economic structure has begun to take shape that is based on public ownership and collective economies and that comprises individual economy, private economy, and other economies. [passage omitted]

According to the Tibet Regional Administration for Industry and Commerce, so far 99 regular commodity markets of various kinds have been built in the autonomous region, of which 54 are general commodity markets, 11 are specialized industrial products markets, 29 are specialized agricultural and sideline products markets, and 5 are markets of used commodities and markets of other specialized commodities. According to statistics, retail sales in Tibet totaled 2.25 billion yuan in

1994, up 14.68 percent from the previous year. Individual and private economies have become an organic part of Tibet's economy. Development of commodity markets of various kinds has enlivened Tibet's commodity circulation, enriched urban and rural residents' material life, provided more employment opportunities, and boosted local economic development.

#### **Yunnan Vice Governor on 'State Security Law'**

*HK2802065995 Kunming YUNNAN RIBAO in Chinese  
1 Feb 95 p 2*

[By Vice Governor Dai Guanglu  
: "Conscientiously Implement 'State Security Law,' Conscientiously Safeguard State Security"]

[FBIS Translated Text] It has been two years since the "PRC State Security Law" was put into effect, the first special law about state security work since the founding of the PRC. Its promulgation and implementation are of great significance to maintaining state security, protecting the political power of the people's democratic dictatorship of our country, and ensuring the smooth progress of our reform, opening to the outside world, and the socialist modernization.

In the past two years, the state security organs in our province have loyally performed their duty as the competent organs of the "PRC State Security Law." They have conscientiously organized all public security police in studying, grasping, and applying the "PRC State Security Law" and enhancing their consciousness to maintain state security and social stability and act strictly according to the law, thus further raising their law-enforcement level. All localities and departments in our province have also paid great attention to the studying, publicizing, and implementing the "PRC State Security Law" and have achieved outstanding results. However, some problems and weak links also exist in our work. The first one is that the activities of studying, publicizing, and carrying out the "PRC State Security Law" have not gone deep enough because some leaders and the masses in certain units are still not familiar with the clauses of the law and do not know which are the criminal activities which endanger state security. The second one is that some citizens do not know which rights they can exercise and which duties they should fulfill in maintaining state security and they have not established the concept that it is everybody's duty to maintain state security. The third one is that a few people have not only failed to fulfill their duty to support and coordinate with the state security organs in developing their work but have also hindered and obstructed state security personnel in doing their official business. All this is a manifestation of a weak concept of law.

We should soberly note that hostile forces from outside the border have never relaxed their strategical attempt to "Westernize" and "split up" our country as well as pushing for their "peaceful evolution" against our country; the spy and intelligence agencies and various

hostile forces have never stopped their activities to endanger our state security and interest. They take advantage of our opening wider to the world to step up their sabotage activities such as subversion, infiltration, and stealing our country's secret information. They use overt activities to cover up clandestine ones and lawful activities to cover up illegal ones. An extreme handful of people in our country are engaged in criminal activities to undermine the security and interests of the country. They do not hesitate to sell state interests to seek interests of their own. The struggle on the hidden front is still very acute and complicated so we must conscientiously do a good job in the following aspects to mark the second anniversary of the promulgation of the "PRC State Security Law":

First, we should enhance our understanding of the importance and necessity of implementing the "PRC State Security Law." It clearly stipulates that all state organs, armed forces, political parties, mass organizations, business units, and institutions have the obligation to maintain state security. That is to say, the work of maintaining state security is an important part of the entire cause of the party and state. It is not only the affair of the state security organs but also the common task of the whole party, the whole society, and the broad masses of the people to maintain the security, honor, and interests of the state. All units and departments should prevent and overcome the vague ideas that "it has nothing to do with them" and that "it is dispensable" and take effective measures to further enhance the state security consciousness and state security legal concept of the vast numbers of cadres and the broad masses and truly build up a solid defense line of safeguarding state security.

Second, local governments at all levels should further strengthen their leadership and inspection of studying, publicizing, and implementing the "PRC State Security Law" and organize the departments and units concerned to fully use the mass media such as radio, television, and newspapers to publicize the "PRC State Security Law" and for education on the hidden enemy's situation in a down-to-earth and effective way to constantly carry the study and propaganda activities intensively.

Third, the people's governments at all levels should seriously coordinate the relationship between the state security organs and the departments concerned so that they can unite in dealing with the enemy from the overall situation of safeguarding state security and interests. Under the leadership of the party committee and the government, all units and departments should both divide their work with individual responsibility and closely coordinate with each other to form a defense line of overall operation and to actively support and coordinate with the state security organs in their work.

Fourth, state security organs should earnestly fulfill their duty to ensure the comprehensive and correct implementation of the "PRC State Security Law." State security



organs at all levels in the province should shoulder their heavy responsibility and continue to organize all public security police to study it thoroughly. They should concentrate their energy on correct comprehension and application, exercise their functions and powers strictly according to legal provisions, consciously accept the inspection and supervision of the legal inspection organs, and continuously raise their consciousness of studying, understanding, and enforcing the law as well as improving the quality of handling cases. At the same time, to encourage the masses of the people to struggle against the criminal offenses which endanger state security, it is necessary, in accordance with the relevant regulations of the "PRC State Security Law," to speed up the establishment of an award system and a social security system, give positive support to those organizations and individuals that support and coordinate with state security work, and give necessary awards to those who have made great contributions to safeguarding state security.

Through the above work all party and government organs, business units, public institutions, mass organizations, and citizens can really establish the concept that "PRC State security is above all else" and further heighten their sense of responsibility and their sense of honor in safeguarding state security and interests, jointly create an atmosphere in which the whole society is concerned with and support state security work, fully apply the "PRC State Security Law" as an important legal weapon to effectively prevent and curb the criminal offenses which endanger state security, and make greater contributions to safeguarding the long-term stability of the state, maintaining social stability, developing the favorable situation, and promoting the economic development of our province.

### North Region

#### Hebei Secretary on Implementing Central Spirit

SK2802060295 Shijiazhuang HEBEI RIBAO in Chinese 14 Feb 95 p 1

[FBIS Translated Excerpt] On the morning of 8 February, following the report meeting on the experience gained in building the third batch of counties (around Xingtai) that have become better-off, Cheng Weigao, secretary of the provincial party committee, sponsored a forum in the meeting room on the third floor of the Shunde Guest House in Xingtai; attending were responsible comrades of the Xingtai party committee and the city people's government, as well as secretaries from the party committee of various counties (cities) in Xingtai and from the party committee of two counties in Shijiazhuang. During the forum, the participants discussed the plan by the provincial party committee and provincial people's government for taking 1995 as a year of "truly grasping the implementation of experience and implementing it realistically". Attending the forum were provincial leaders attending the report meeting, including Li

Bingliang, Zhao Shiju, Ning Quanfu, and Gu Erxiong; Li Feng, former provincial leader; responsible persons and specialists from relevant departments; and comrades of the group in charge of appraising the achievements made by counties that have become better-off.

During the forum, Cheng Weigao stated when first voicing his opinions: The report meeting on the experience gained by counties that have become better-off has concluded. It is now time for us to discuss the issue of implementing that experience. When making inspection tours among the People's Liberation Army [PLA] units, plants, and rural areas in Zhangjiakou on the eve of the Spring Festival, General Secretary Jiang Zemin repeatedly stressed: The fundamental policies have been fixed. The key in this regard lies in successfully grasping their implementation. The first of the central fundamental policies is to uphold the theory of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics. The second is the 20-character guideline that represents the general task undertaken by the entire party and country with regard to "seizing opportunity, deepening reform, broadening opening up, promoting development, and maintaining stability". The third is to persistently and successfully deal with the relations between reform, development, and stability. This means to ensure mutual expedition and promotion among reform, development, and stability. The fourth is to realize the six-character targets. This means to have the national economy achieve sustained, rapid, and healthy development. Of course, there are still a series of specific principles and policies with regard to expediting reform, development, and stability. Meanwhile, the central authorities have also made clear arrangements for fulfilling the work and tasks in various fields this year, and stressed that efforts should be made to unify thinking, let reform play a dominant role in the overall work, enhance coordination, and work realistically. They have urged party committees and governments at all levels to implement the central fundamental policies by upholding the principle of uniting revolutionary enthusiasm with the respect of objective law, and to vigorously guard against bureaucracy and formalism by combining the spirit of proceeding from reality with that of doing work in a creative manner. They have also urged them to emphatically deal with the prominent contradictions cropping up in the course of advance and the hotly-debated problems for which the masses have shown concern so as to implement in a down-to-earth manner the party's principles and policies and the CPC Central Committee's work arrangements. To this end, he and Comrade Ye Liansong discussed at Zhangjiakou the issue of taking 1995 as a year of "implementing the central arrangements" and of further stressing and encouraging the practice of truly and successfully grasping and undertaking implementation realistically. Through the "year of implementation," we should ensure the realization of central principles, policies, and tasks as well as the fulfillment of the work and tasks set for various fields by the provincial party committee and provincial people's

government on the one hand; on the other hand, we should truly foster a set of good morale and systems within the party and among governments and cadres at all levels. He urged the participants who are from posts on the forefront to voice their opinions on these issues. [passage omitted]

In discussing the imperativeness of having an enterprising spirit and a sense of mission in being responsible for the party and the people while grasping the implementation of central arrangements, Cheng Weigao stated: We should emphatically encourage cadres at all levels to have a sense of responsibility and mission while grasping the implementation of central arrangements, and to display the spirit of being highly responsible for the party and the people's undertakings. The ideological realm of cadres should be slightly high, and cadres should only be slightly blunted by personal fame and gains. They should think more about serving the people, more about how to do practical deeds for the common people, and more about how to enable local people to become wealthy as soon as possible. Without such senses, we will be unable to have an ideological motive force in grasping the implementation of central arrangements. [passage omitted]

While discussing the necessity of doing work in a creative manner while grasping the implementation of central arrangements, Cheng Weigao stated: It is agreeable to have a creative viewpoint in grasping the implementation of central arrangements. Implementing the principles and policies of higher authorities represents a process of recreation, and is like the relation between dramatists and drama directors. A good script does not mean a good performance. A good performance depends not only on a good script, but also on the creation of the directors. In grasping implementation, we should be based on the good script compiled by the higher authorities in order to bring into play the directing role of leadership at all levels; to deepen the theme in a creative manner; to carefully detail the plot; and to perfect the performance of figures so as to work out a good and lively play with practical significance. It is of course for us to resolutely implement the prohibition and items clearly ordered by higher authorities. If we fail to grasp implementation in a creative manner, explore the new situation, study new problems, pave new roads, and prove suitable to the new and changed situation, then it will be impossible for us to undertake a lot of things easily and smoothly. Without an easy and smooth process in undertaking things, we will be unable to implement the central arrangements. [passages omitted]

In discussing the issues of paying attention to practical achievements in employing cadres and of establishing a mechanism to promote implementation, Cheng Weigao stated: In the course of implementing the central arrangements, we should pay attention to studying or establishing a set of systems and mechanisms that conform with both entire and partial interests as well as both long-term and immediate interests, and that can bring

into play the enthusiasm of cadres and the masses. Such an issue is very important for us to successfully grasp the implementation. [passages omitted]

During the forum, Cheng Weigao asked whether the participating secretaries of county party committees listened to the "news and press review" every morning and watched the national "news hook-up", "orient time and space", and "half-hour economic information" transmitted by the central television station, and whether they listened to the economic information program transmitted by the Hebei economic radio station and watched the economic news in length and breadth transmitted by the Hebei television station. Cheng stated that he basically and persistently listens to and watches these programs every day, and that he had received much enlightenment and obtained much knowledge from them, so that many of his specific ideas and work methods had been fostered by drawing on the experience gained from outside forces. He urged the participating secretaries of county party committees to read more books and persistently listen to or watch these programs even, if terribly busy in work, so as to enable them to learn about more information, broaden their vision, enrich their ideas, and increase their capabilities. [passage omitted]

Lastly, Cheng Weigao stated: The process of the forum has been pretty good. He felt very enlightened because of the very favorable opinions raised by the participants at the forum. He extended thanks for the speeches made by them at the forum. As for grasping implementation, the provincial party committee will also carry out special studies and make specific arrangements.

#### Inner Mongolia Holds Government Staff Meeting

SK2802084095 Hohhot NEIMENGGU RIBAO in Chinese 16 Feb 95 pp 1, 4

[By Wang Hong (3769 4767): "Give Full Play to the Role of Government Functional Departments and Comprehensively Fulfill Various Tasks of This Year"]

[FBIS Translated Text] On 14 February, Inner Mongolia Autonomous Region held an enlarged meeting of government functionaries. The major topics for discussion at the meeting were to further implement the guidelines of the sixth regional party congress, the first session of the sixth regional party committee, and the regional economic work conference, study and probe into the issue of how to give play to the role of the various government functional departments under the condition of the socialist market economy, and guarantee the comprehensive fulfillment of the region's various national economic and social development tasks for this year.

Wu Liji, chairman of the regional government, and Wang Zhan, Lin Yongsan, Song Zhimin, Shen Shuji, Zhou Weide, Bao Wenfa, Wang Fengqi, and Baoyindeliger, vice chairmen of the regional government, attended the meeting.

Wu Liji gave an important speech at the meeting on this year's work and on how to give play to the functional role of the government departments. After reporting on the region's 1994 economic and social development achievements, he pointed out: The higher and the lower levels across the region should make concerted efforts to comprehensively fulfill our region's various economic and social development tasks for this year.

The overall demands of this year's work are to continuously grasp the general tasks of the whole party and the whole country which focus on "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability," conscientiously study and understand the guiding ideology of "unifying thinking, keeping the overall situation in mind, strengthening coordination, and working in a down-to-earth manner" which was recently proposed by the central authorities, and strive to achieve success in all fields of work. The priorities of this year's regional economic and social development work are the following: The first is on reform. We should regard reform as the motivation to promote various fields of work. We should emphasize enterprise reform, attend to the three crucial issues of separating government functions from enterprise management, strengthening internal management of enterprises, and gradually establishing the social security system, and do a good job in experimenting with the modern enterprise system. The second is opening up. This year we should give priority to improving the environment of ports, expand border trade, and at the same time, strengthen economic and trade contacts with all countries in the world and with Hong Kong, Macao, and Taiwan areas, and strive to increase the use of foreign capital; do a good job in selecting items and conducting appraisal work, and try by all possible means to expand invitations for business and to introduce capital; grasp the implementation of the transacted items and conclude some letters of intent on cooperation; strengthen leadership and carefully organize the domestic and foreign business invitation activities; and step up efforts to sort out, study, and formulate preferential policies for inviting business and introducing capital. The third is concerning the agricultural and animal husbandry sectors. This year we should continue to engage in the arduous struggle and strive to reap bumper harvests. The general demands are that grain output should be guaranteed to reach 22 billion jin and efforts should be made to make it reach 23 billion jin, and that the average per capital net income of peasants and herdsman should increase by more than 100 yuan over the previous year. At present, the priorities should be spring farming, lamb delivery and care, fire and flood prevention, combating of drought, repair of flood-damaged projects, and flood prevention work in some areas. The fourth is concerning the industrial sector. We should give prominence to the work of ending deficits and increasing profits and make the range and volume of deficits of enterprises show a noticeable decline from the previous year; accelerate the pace of readjusting the

industrial structure and product mix and grasp technological transformation; organize the implementation of the brand-name product strategy, take a big move in this aspect, and fight a few tough battles. The fifth is concerning prices. This year's task is to eliminate the influence caused by the previous years of price adjustments, not to issue new measures for adjusting prices, place the emphasis of price work in establishing and perfecting market management and the price control and regulation system, and attend to the building of the vegetable basket project in the city outskirts. The sixth is concerning the financial and banking aspects. We should give priority to earning money. This year we should make breakthroughs in building township financial organs. The 1,500 plus township financial organs are the "major" financial organs of the region, therefore, we must grasp them well until good results are achieved. In carrying out township financial work, it is necessary to establish the incentive mechanism. The management of extra budgetary funds should be further strengthened. We must have a basic measure for solving the wage issue and implement it as quickly as possible. In banking work, we should continue to strive for funds, absorb more savings deposits, and invigorate the use of funds in reserve. The seventh is concerning the circulation sector. The stagnant situation in the development of the circulation industry is one of the weak aspects in our region's current reform and development. During this year's grain business, we should separate the policy transaction from commercial transaction and resolutely stop deficits. In the grain business and in the vegetable basket projects, we should implement the system of making league heads and mayors assume full responsibility. In reforming the system of supply and marketing cooperatives, through "reviewing the past work," we should give priority to studying how to better serve peasants and herdsman, and at present, do a good job in the supply of agricultural means of production; and rapidly issue price policies for the purchase of fine hair. The eighth is on township enterprises. The regional party committee and government have decided to hold the regional township enterprise work conference during the first half of this year, to further formulate policies for developing township enterprises, and to make a new breakthrough in the region's development of township enterprises this year. The ninth is concerning science, technology, education and various social undertakings. The priorities are to combine science and technology with the economy, rapidly convert scientific research findings into productive forces, and form large-scale production; this year we will hold the regional educational work conference and the relevant departments should exert efforts to make preparations for it; we should continue to firmly grasp family planning and environmental protection, attend to Hohhot city's air pollution, coordinate and cooperate with the region's relevant departments, and strive to achieve noticeable progress this year; we should actively prepare for attending the national sports meet for minority nationalities; continue to strengthen comprehensive management of public security; and attend to



the formulate of the "Ninth Five-Year" Plan and do a good job in implementing the regional plan to tackle the key problems in the course of "devoting seven years to helping 3 million people" shake off poverty. The tenth is on building the spiritual civilization. This year we should particularly grasp two tasks well: First, we should conscientiously implement the "outlines for conducting patriotic education" and extensively and deeply conduct patriotic education in the whole region; and carry out general study and discussion on the socialist market economic theory.

Second, we should enhance understanding and strengthen the sense of responsibility, urgency, and mission of giving play to the role of the government functional departments under the market economic condition.

Giving full play to the role of the various government functional departments is very urgent and important. We should enhance our understanding of giving play to the role of the various government functional departments under the market economic condition. 1) We should understand that the socialist market economy is absolutely not an unrestricted economy but a market economy under state regulation and control; 2) The various government functional departments are not departments that are unable to develop their abilities under the socialist market economic condition, but are able to accomplish and develop their abilities to the fullest.

Faced with the new situation and new tasks, the various government functional departments shoulder heavy responsibilities. First, they should attend to the general study and discussion of the socialist market economic theory, further emancipate thinking, and change concepts. The general study and discussion is a major affair of implementing the guidelines of the sixth regional party congress and further organizing and mobilizing the broad masses of party members and cadres of various nationalities across the region to actively participate in reform and construction. All functional departments should act in line with the arrangements and demands of the regional party committee, emancipate ideology while handling major issues, change concepts, unify thinking, enable their ideology, concepts, way of thinking, and work style to keep pace with the development of the socialist market economic situation, and enhance their level and ability to control the socialist market economy. Second, they should be good at turning the policy decisions and work plans of the central authorities and of the regional party committee and government into their specific goals. All functional departments should thoroughly understand the policy decisions, intentions, and guiding spirit of the higher organizations; realistically understand the situation of the region and the actual situation of the grass-roots levels, and ensure that the suggestions for implementing the policy decisions are specific and workable; they should also implement each and every specific implementation suggestion well and

see to it that actual results are achieved. Third, they should actively strengthen contacts with the competent departments at the higher level. All departments should promptly grasp the work priorities and policy orientation of the competent departments at the higher level, and regularly and specifically report and reflect the region's work, the difficulties on their road of advance to the higher level, and let the higher departments understand and support them. All departments should also maintain good relations with the relevant departments of fraternal provinces, cities, and districts, and unceasingly improve and perfect their own work. Fourth, all government functional departments must cultivate an ideology of law and the legal system. It is necessary to handle government affairs in line with the law, know how to use legal means to manage the economy and society, strengthen inspection and supervision over law enforcement work, and enhance the sense of the legal system of all cadres. This year they should successfully carry out all fields of work under the supervision and support of the people's congress standing committee and do a good job in building the legal system in an effort to meet the demands of the socialist market economy. Fifth, they should strengthen the self development of various government functional departments and realistically change their work style. In strengthening the self development of organs, it is necessary to grasp the construction of leading bodies. The principal leaders of departments and bureaus should realistically serve as good "leaders", take the lead in setting strict demands on themselves, do a good job in leading the "members of the leading bodies," and cultivate a contingent of cadres with good ideology, work style, and professional skills; and enhance the professional quality of office cadres. In organs, all work posts, whether at a high or low level, are important, because they represent the government. Therefore, we should step up efforts to train, educate, select, and manage each and every government functionary. It is necessary to grasp work efficiency and quality and overcome bureaucracy and formalism; strengthen discipline, straighten out the phenomenon of failing to strictly enforce orders and prohibitions, and guarantee the smooth implementation of government orders of the party Central Committee, the State Council, and the regional party committee and government; go deep to the grass roots and the masses, strengthen investigation and study, be good at grasping first-hand data, realistically reflect the real situation to the regional party committee and government, and resolutely oppose the work style of practicing fraud and boastfulness. In short, we should promote the unceasing development of various fields of work across the region through the solid and effective work of various government functional departments.

Wang Zhan presided over and addressed the meeting. He stressed: All government functional departments should further change functions, exert real and vigorous efforts to strengthen service, and serve the grass roots, economic construction, and the masses; they should further strengthen coordination, give play to their integrated functions, and give play to their joint efforts; they should also realistically grasp the building of leading bodies and play a leading role.

## MAC Unveils Plan To Boost Mainland Exchanges

OW2702132195 Taipei CNA in English 0916 GMT 27 Feb 95

[By Sofia Wu]

[FBIS Transcribed Text] Feb. 27 (CNA)—The Mainland Affairs Council (MAC) Monday unveiled a new package of measures to boost civilian exchanges across the Taiwan Strait in line with Premier Lien Chan's recent call for expanded exchanges with Mainland China.

MAC Vice Chairman Kao Koong-lien told a news conference that under the new package, the MAC will focus on boosting cross-strait economic and cultural exchanges while continuing negotiations with the mainland on some technical issues arising from increasing exchanges.

The package is also Taiwan's response to Mainland Chinese President Jiang Zemin's eight proposals to Taiwan, which was made in late January and called for high-level cross-strait dialogue to forge rapprochement and pave the way for China's eventual reunification, Kao noted.

Under the new package, Kao said, the MAC will make an overall review of current regulations governing cross-strait exchanges to simplify application procedures for prospective mainland visitors to Taiwan.

On commercial exchanges, Kao said, the MAC will help the Straits Exchange Foundation (SEF) and other local trade associations or academic institutions sponsor more trade seminars to explore effective ways to promote cross-strait trade and economic cooperation.

"The government may consider allowing mainland business magnates and industry heavyweights to visit Taiwan to meet with their local counterparts," Kao said.

As for cultural exchanges, Kao said, the MAC hopes the two sides will sign an agreement to promote cross-strait scientific, academic, media, cultural heritage and educational exchanges.

"Such an agreement can be signed between the two semi-official intermediary bodies on both sides of the Taiwan Strait," he noted.

The MAC will also encourage local educational and academic institutions to establish cooperative ties with their mainland counterparts. Performing arts groups and news media will also be encouraged to increase exchanges with similar mainland groups.

Kao said the MAC hopes SEF and the Beijing-based Association for Relations Across the Taiwan Strait (ARATS) can reach agreement on three thorny issues—Repatriation of mainland hijackers and illegal immigrants as well as procedures for resolving cross-strait fishing disputes—in the near future.

"We'll also begin discussion with the mainland on the signing of an investment-protection agreement, systems for mutual protection of intellectual property rights and procedures for cross-strait trade disputes arbitration," Kao said.

Both SEF and ARATS are semi-official organizations established by their respective governments to handle cross-strait exchanges in the absence of official contacts.

## More Island Investments on Mainland Approved

OW2402104795 Taipei CNA in English 0941 GMT 24 Feb 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Feb. 24 (CNA)—The Ministry of Economic Affairs Friday approved another 16 Taiwan investment projects in Mainland China worth a total of US\$44.82 million.

Topping the list was a US\$13 million plan submitted by a Taipei-based Toyota agent for a mainland operation dealing with car sales, auto repair and auto parts trade, according to ministry officials.

Nan Ya Plastics Corp. was approved to invest US\$12 million for a plant to produce PVC connectors on the mainland.

Walsin Lihwa Group was given the go-ahead for a plan to manufacture 25 kv and 64 kv wires and cables, which calls for an initial investment of US\$10 million. The project also includes a budget for the group to make inroads into the mainland's electricity industry, the officials added.

Another investment plan from Walsin Lihwa was also approved—a joint-venture operation with the US-based Carpenter Group to produce extension steel wire, which calls for an investment of about US\$5 million, the officials said.

Other investment projects among the 16 approved included air cargo and speed delivery services, gas stations, exhibition engineering, hydraulic pumps, dyestuffs and electrical handtool manufacturing.

A US\$30 million investment application submitted by Cheng Shin Rubber Industry Co. to increase paid-in capital of its subsidiary on the mainland was turned down by the ministry because the investment exceeded 53 percent of the paid-in capital of the mother company.

According to mainland tallies, Taiwan enterprises had committed to invest US\$22 billion across the Taiwan Strait as of the end of last year.

## Premier Lien Meets Japanese, Danish Visitors

OW2802024295 Taipei CNA in English 0145 GMT 28 Feb 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Feb. 27 (CNA)—Taiwan and Japan should further strengthen bilateral relations because it will help boost Asia-Pacific and worldwide development, Premier Lien Chan said on Monday [27 February].

Lien made the remarks when meeting with Shinichi Yanai, the outgoing director-general of Japan's Interchange Association in Taipei, which represents Japan's interests in Taiwan in the absence of formal relations between the two countries.

In addition to hailing Yanai's outstanding performance during his four-and-a-half-year tenure in Taipei, Lien said that what Yanai has witnessed while working here is of great importance because Taiwan has undergone many changes in politics and economics during the past few years.

Echoing Lien's view, Yanai promised to continue working for closer Taiwan-Japan ties after returning to Japan, and expressed the hope that relations between the two countries can be substantially widened through mutual efforts.

Yanai is expected to be replaced by Tosio Gotou in the middle of March.

In another meeting on Monday with Danish Liberal Party Chairman Uffe Ellemann-Jensen and his wife, Lien said the government is determined to develop Taiwan into an Asia-Pacific operations hub, although some problems still need to be resolved.

Lien expressed the hope that friendly countries can participate in the project to help Taiwan achieve the goal.

When answering a question on Taiwan's bid to re-join the United Nations, Lien told the Danish guests that the nation's efforts in that direction are aimed at giving a voice to Taiwan's 21 million people. The international isolation that Taiwan faces because of pressure from Beijing is unfair, he added.

"We need more international support in our bid to re-join the UN, which will allow us to play a more constructive role in the international community," Lien stressed, adding that Taiwan's pursuit of democratization through a "quiet revolution" has won the nation international recognition and high appraisals.

### New Zealand Welcomes Immigrants

OW2402105195 Taipei CNA in English 0956 GMT 24 Feb 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Feb. 24 (CNA)—Taiwan immigrants are welcomed by the New Zealand Government, Representative Anthony Browne in Taipei said Friday.

Speaking during an interview with CNA, Browne said that his country welcomes immigrants from Taiwan, noting that Taiwanese in New Zealand have made significant contributions to the nation.

Referring to a NEW ZEALAND HERALD report on Thursday which quoted Immigration Minister Roger Maxwell as saying that it may be time for New Zealand "to put the brakes on" to curb the number of immigrants, Browne said the immigration policy, if revised, will definitely not limit immigrants from Taiwan.

New Zealand will also not stop accepting immigration applications from Taiwan now even if political pressure mounts over predominantly Chinese and Korean immigration in his country, Browne assured.

Browne emphasized that Taiwan immigrants are "welcomed with open arms" in New Zealand as long as they meet application regulations.

According to tallies compiled by the Taipei-based New Zealand Commerce and Industry Office, about 3,000 applications are filed annually by Taiwanese to immigrate to New Zealand, with about 80 percent receiving approval.

About 15,000 Taiwanese have successfully migrated to New Zealand during the past six years constituting 10 percent of the total immigrants from foreign countries, the tallies showed. Under New Zealand's "immigration points system," Browne explained, the younger an applicant from the island the higher their level of education the greater their chance of being approved.

According to a statement made by Maxwell, the numbers of foreign immigrants may be tightened up by reviewing the points system, under which potential immigrants must reach a certain score before they can come to New Zealand.



## Hong Kong

### Tycoon To Retain Links With Embattled Shougang

HK2502053595 Hong Kong EASTERN EXPRESS in English 25 Feb 95 p 25

[By Wang Xiangwei: "Li Ka-shing To Keep Shougang Links"]

[FBIS Transcribed Text] The tycoon Li Ka-shing has agreed to forge further business links with China's largest steel maker, Shougang, despite the scandal over the detention of Zhou Beifang, the former head of Shougang's Hong Kong operations in Beijing.

"Bi Qun, Shougang's new chairman, has already contacted Li, chairman of Cheung Kong Group, and both sides have agreed to meet as soon as possible to discuss about further co-operation and development between Shougang and Cheung Kong," Zhang Yanlin, who will replace Zhou, said yesterday in Hong Kong.

Li Geng, Shougang's second in command in Hong Kong, said there will be no change of share ownership of the Shougang group of companies and Deng Zhifang, the youngest son of China's ailing paramount leader Deng Xiaoping, will remain as the chief executive of Shougang Concord Grand. Zhang, the chairman of Shougang's United States division and an iron ore mine in Peru, has taken over the reins of the company's Hong Kong operations, including the five locally listed companies. Zhou Beifang was arrested last week in Beijing for a "serious economic crime" at about the same time his father, Zhou Guanwu, who had reigned over Shougang for more than one decade, was forced to retire. The younger Zhou soared to fame in Hong Kong two years ago when he bought five listed companies with the full backing of Li Ka-shing, who still holds shares in Shougang's two main listed vehicles, Shougang Concord International and Shougang Concord Grand.

Speaking to reporters yesterday for the first time since Zhou's arrest, Zhang and other company officials skipped most of the questions by repeating the official line in a press conference which lasted only half an hour. Li Geng did not answer when asked if Zhou's arrest was related to the purchase of the Peruvian iron ore mine. Shougang acquired the mine for US\$150m (about HK\$1.17bn) but most analysts believed that the mine was worth half that.

Zhang denied that Shougang headquarters in Beijing had sent teams to investigate all its overseas subsidiaries and maintained that all the contractual obligations of Shougang's Hong Kong operations would be honoured.

### Hong Kong Media Covers Final Appeal Issue

#### UK Gives Go-Ahead

HK2602064395 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 26 Feb 95 pp 1, 6

[By Assistant Editor Danny Gittings]

[FBIS Transcribed Text] Foreign Secretary Douglas Hurd has given Hong Kong the go-ahead to implement the controversial Court of Final Appeal bill without China's consent. In a move certain to further damage Sino-British relations, Mr Hurd endorsed a July timetable for enactment of the bill, which would clear the way for its introduction into the Legislative Council [Legco]. A date for this has still to be set. The Government is thought to be holding back as long as possible in the hope of securing Beijing's last-minute blessing averting the need for unilateral action. However, with time running out, officials could introduce the bill on April 19 or 26, the first two sessions after Legco's Easter recess. Any decision to do so would be taken in consultation with the Executive Council.

"This is not a situation we want to be in," said Director of Administration Richard Hoare. "We hope very much the Chinese will get back to us but we are caught by the timetable." Privately, officials admit they no longer hold out much hope of winning China's consent, since Beijing has had the draft bill for nine months and shows no sign of being ready to approve it.

The Government insists it will have no choice but to go-it-alone if Britain is to meet its obligation under the 1991 accord on the Court of Final Appeal, to have the new body up and running in time to prevent a damaging legal vacuum. But Beijing has repeatedly warned it will not tolerate any such unilateral action, and is expected to respond by announcing it will dissolve the court after the change of sovereignty—as it has already pledged to do with Legco.

An internal government assessment of the risks of going-it-alone has concluded China is likely to retaliate, but not on the same scale as it did over Governor Chris Patten's political reforms. "If we haven't got their formal go-ahead the other side are not going to be pleased and no doubt they will criticise us," said Mr Hoare. "But there are various grades of criticism which fall short of the megarow we had over political reform." Among the areas tipped as possible targets for retaliation are cancellation of Chinese Vice-Premier Qian Qichen's proposed visit to London, and a slowdown in co-operation over other legal issues, such as adaptation of laws. "It wouldn't be a completely risk-free and argument-free course of action," said Government House spokesman Kerry McGlynn. Mr Hoare insisted that, unlike the recent row over electoral arrangements, any unilateral move to introduce the bill would only be implementing an existing agreement with Beijing, and so should not be subject to the same sort of ferocious attack.

Fears of the potential fallout from a fresh row with Beijing have already led the Foreign Office to question privately whether the bill really needs to be enacted by the summer. Only after a flurry of recent communications between Hong Kong and London, coupled with Mr Patten's visit to Britain last month, were such doubts erased. Both governments now agree any retaliation by

Beijing is a price worth paying "to preserve the rule of law in Hong Kong", and ensure the new court is ready in time to replace the Privy Council, which may have to stop accepting fresh cases from the territory in the summer of 1996, since it takes up to one year to hear them.

Timing for the establishment of the new court is already so tight that its permanent home, at the French Mission building in Battery Path, is not expected to be ready in time. Judiciary administrator Alice Tai Yuen-ying said she had been unable to include funding for the new court in the 1995-96 Budget estimates, published last Friday, because of the delay in enacting the bill. She said it should still just be possible to have the new court in place by mid-1996, although not in the French Mission building, provided the bill was passed by July. "Everything is ready to go once we get the signal," she said.

The Government admits that introducing the bill without Beijing's blessing will make it much more difficult to secure its passage through Legco. "It certainly won't make it any easier," said Mr Hoare. Democratic Party Chairman Martin Lee Chu-ming predicted last night that the lack of Chinese consent would "make my task much easier" in amending the bill to remove its controversial restriction on the number of foreign judges who can sit on the new court. The Government has privately threatened to withdraw the legislation if that happens. "If it does not have the blessing of China then all those who voted against the bill in 1991 would have to stick to their opposition," Mr Lee said. In 1991, Legco voted 34-11 against any limit on the number of foreign judges, and many legislators say they would only be prepared to change their minds and now support a court that includes such restrictions, in return for Chinese guarantees of continuity across 1991. Liberal Party spokesman Ronald Arculli said the absence of Beijing's blessing would increase the arguments for amending the bill. "It might only be a preliminary Court of Final Appeal," he said.

#### Editorial Examines Bill

HK2602064695 Hong Kong *SOUTH CHINA SUNDAY MORNING POST* in English 26 Feb 95 p 12

[Editorial: "More Trouble Looms With Beijing"]

[FBIS Transcribed Text] Governor Chris Patten has cited the rule of law as the reason for almost everything he has tried to do for Hong Kong. That, and not the need for more democracy, was the reason given for pushing through his political reforms. Equally, it was the rationale behind strengthening the Independent Commission Against Corruption and its powers to fight graft.

That is why Mr Patten is now caught in a bind over the Court of Final Appeal. He may know that the controversial 1991 accord, which limits the number of overseas judges who can sit on the new court to one, is deeply flawed and only tenuously reconcilable with the Joint Declaration and Basic Law.

He also knows he faces an almost impossible battle in trying to persuade the Legislative Council to pass a bill establishing a court whose lifespan, in the absence of Chinese approval, will be numbered in months rather than years.

By pressing ahead with what will appear to be a unilateral action, he faces a fresh row with Beijing, when it is probably the last thing that he wants.

Such a careful assessment of the risks involved shows how far Mr Patten has progressed from the brash newcomer of two years ago when he was prepared to take on all comers, and damn the consequences.

On the Court of Final Appeal, the Governor has obviously concluded he has no choice in the matter and must press ahead. Having spent two years trumpeting the rule of law, he can hardly leave behind a vacuum in the territory's legal system when he departs in 1997. It would be inconceivable that after the Privy Council stopped accepting new Hong Kong cases, perhaps as early as next year, there might be no higher court where Court of Appeal judgments could be challenged.

Of course, Mr Patten would much rather proceed with China's consent. With little prospect of this, he has followed the only course open to him. Acting unilaterally will not be easy. China may threaten to dismantle the court, come 1997, and legislators will be reluctant to vote through the bill. Yet it is hard to see any better option. The Governor's only hope must be to get the court up and running as soon as possible, so that it can build up a solid track record, and show Beijing and the rest of the world, that it is worth preserving intact after the hand-over.

#### China Waits For 'Consensus'

HK2802065395 Hong Kong *EASTERN EXPRESS* in English 28 Feb 95 p 2

[By EASTERN EXPRESS staff reporter]

[FBIS Transcribed Text] China will not respond to the bill on the court of final appeal unless the Government can reach a consensus with the legal profession, a Chinese official said.

Responding to a recent report that Britain will set up the court unilaterally, the Chinese official said since the bill had not been put forward to the Legislative Council, Beijing would need more time to study it.

The other reason Beijing had stayed silent was that it did not want its opinion to dominate the debate.

As a result, China will not make its position clear until a consensus has been reached within Hong Kong.

Lau Shiu-kai, a leading member of the Preliminary Working Committee, said Beijing now regards the establishment of the court of final appeal as a matter for the post-1997 special administrative region government.

"Anglo-Chinese relations were still relatively good in 1991, so at that time Beijing agreed to reach an agreement with Britain on the set-up of the court before the 1997 takeover," Lau said.

"But as there are now fewer than three years left, the point of the agreement has already been lost," Lau said it was unlikely that Beijing would agree to the set-up of a court of final appeal before 1997.

The director of the Hong Kong and Macao Affairs Office, Lu Ping, said earlier this month that the court would be set up by the SAR government "according to the Basic Law".

#### Governor To Focus on Economy, Social Welfare

HK2702062395 Hong Kong HONGKONG STANDARD  
in English 27 Feb 95 p 3

[By Mary Ann Benitez]

[FBIS Transcribed Text] No longer in his words a "party politician", Governor Chris Patten says he is now "as near to being a public official". With his political reform package firmly in place (the first test of wider suffrage is just six days away with Sunday's municipal council elections), Mr Patten is focusing his energy on leaving an economically sound and socially-benign Hong Kong.

"We can show, I think, in Hong Kong that it's possible to combine prudence with compassion, and that a caring government can, and should, also be a competent government in looking after government finances." He outlined his priorities for the next two years:

—"First of all, it's very important that we don't take any risk with Hong Kong's economy and it remains very solidly based. All the economic fundamentals are sound. I want to make sure that the SAR (Special Administrative Region) government has the best possible economic inheritance so that it can start life without having to look over its shoulder. I feel no need to apologise for the fact that Hong Kong has such substantial reserves.

—"Secondly, I have to do—we have to do—everything we can to retain the infrastructure of success and I think the most important element is the rule of law and our independent judicial system. That's why I place so much emphasis on the Court of Final Appeal. I think for many people the establishment of the court is a symbol of continuity of Hong Kong's legal system.

—"Thirdly, I want to continue to develop a social program in a way which is consistent with our private and public aspirations to give a better and more decent life for the poor, the disadvantaged and the needy while at the same time not undermining our economic prospects by behaving as though money grows on trees."

He identified juvenile crime and drug abuse, care for the elderly and disabled, and education as special concerns.

Environment is another. "I hope that before I leave on the 30th of June 1997, if I leave by boat, I'll be leaving through a cleaner Hong Kong harbour than exists at present because of the implementation of stage one of our sewage scheme."

He also made special mention of Hong Kong's police force—labelled "Asia's finest". The level of crime in Hong Kong was lower than even Singapore's, he said. "It says a great deal about the community that (people of Hong Kong) have established, one in which responsibility and obligation have a central part. But it also says a great deal about the sheer professionalism of our police force, which is superbly led by Eddie Hui."

#### PRC Officials Demand To Help Formulate Budget

HK2802965695 Hong Kong SOUTH CHINA  
MORNING POST in English 28 Feb 95 p 3

[By Linda Choy and So Lai-Fun]

[FBIS Transcribed Text] Chinese officials yesterday demanded to be allowed to help draw up the Budget for the 1996/97 financial year.

Chen Zuor, a mainland negotiator on the transition, said there was no way mainland officials would be placed with the Hong Kong Government only to listen to "lessons" given by the officials.

"We are here not just to learn (the process of budget formulation), but to participate in it.

"The making of a budget involves the setting of medium and short-term forecasts. It is completely reasonable for China to intervene and participate," he said.

"And when we talk about participation, we mean participation which begins this year instead of next year," said Mr Chen, a Joint Liaison Group (JLG) member.

Mr Chen was speaking in response to Governor Chris Patten's pledges for more co-operation with China on budget formulation.

Last Friday, the Secretary for the Treasury, Donald Tsang Yam-kuen, revealed that the Government would form a working group to help Chinese experts familiarise themselves with the formulation of the Budget. They would also be allowed to participate in drawing up the 1997/98 Budget.

According to Mr Chen China had demanded the right to help draw up budgets in the 29th and 30th plenary sessions of the JLG, held in September and December last year.

A deputy director of Xinhua (the New China News Agency), Zheng Guoxiong, urged the Government to initiate meetings with China to discuss the drafting of future budgets.

"We hope Britain can take the initiative for discussions with China," he said.



Hours earlier, Mr Patten indicated co-operation with China over the Budget, saying copies of the 1995-96 Budget would be sent to the Chinese side before it was formally delivered by Financial Secretary Sir Hamish Macleod tomorrow.

He said: "I have written a letter to Director Lu (Ping, of the Hong Kong and Macao Affairs Office) which I think he should receive, I think tomorrow.

"As we've made clear, the closer we get to 1997, the more we'll want to involve the Chinese side in discussions about our Budget because plainly, the 1997 Budget, for

instance, will have to represent our joint assessment of the needs of the Hong Kong economy."

—Mr Chen lashed out at Britain for "playing little tricks" over the Court of Final Appeal.

He accused Britain of publicly asking for China's response to the amendments only a few days after they had been handed to the Chinese side.

"We have been waiting for three years without seeing any progress (on the British side). Now, a few days after they handed in their amendments, they are asking us for a response. They seemed to be playing more of their little tricks," he said.

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